FAIRMONT RESOURCES INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED OCTOBER 31, 2014

The following Management Discussion and Analysis ("MD&A") of Fairmont Resources Inc. (the "Company" or "Fairmont") has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of January 21, 2015, and should be read in conjunction with the financial statements for the year ended October 31, 2014 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102.

All financial information in this MD&A related to 2014 and 2013 has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the future price of metals, the timing and amount of estimated future production, costs of production, capital expenditures, the success of exploration activities, permitting time lines, currency fluctuations, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained in this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about general business and economic conditions; the supply and demand for, deliveries of, and the level and volatility of prices of iron ore and other commodities; the availability of financing for the Company's exploration programs; the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; and the ability to attract and retain skilled staff.

These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity and, particularly, iron ore prices, access to skilled mining development personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Additional risk factors are described in more detail hereinafter. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.** 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.

Qualified Person

Neil Pettigrew, P.Geo, and a director of the Company, is a Qualified Person as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* and has reviewed and approved all technical information in this management discussion and analysis. Mr. Roger Ouellet, P. Geo, consultant to Fairmont Resources and a Qualified Person ("QP") under NI 43-101 regulations, reviews and approves technical work on the Buttercup and Lac Bouchette Projects and is the Company's QP in Quebec.

Description of Business

Fairmont Resources Inc. (the "Company") is primarily focused on the exploration and development of three iron-titanium-vanadium properties called the Buttercup Property, Lac Elan Property and Hearth Property, all of which are located in south central Quebec, 250 km North of Quebec City. We also have an option on a quartz property located in the same area called Lac Bouchette.

The Company has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production from the mineral properties or proceeds from the disposition of the mineral properties.

Share Consolidation

On April 25, 2013 the Company proceeded with its proposed share consolidation on the basis of four pre-consolidation common shares for one post-consolidation common share. All common shares and per share amounts have been adjusted to give retroactive effect to the four for one consolidation that took place April 25, 2013.

Overall Performance

For the year ended October 31, 2014, the Company incurred a net loss of $1,273,609 (2013 – $1,367,193). The increased net loss was caused by the write down of our Clay Powell and Houghton Creek properties. The loss before other items and income taxes for the year ended October 31, 2014 was $396,753 (2013 - $404,526). Increases in consulting fees and advertising and promotion were offset by decreases in management fees and investor relations fees.

For the year ended October 31, 2014 the Company earned interest income from redeemable guaranteed investment certificates of $nil (2013 $537). The decrease in interest was a result of selling the GIC in the prior year.

In the year ended October 31, 2014 and 2013 no options were granted or cancelled. The total share based payments calculated on options that vested in the year ended October 31, 2014 was $nil (2013 – $2,594).

On January 7, 2013, the Optionor of the Marmion property agreed to defer the cash payment of $60,000 that was due on January 7, 2013 until June 7, 2013. In exchange the 37,500 shares that were to be issued on January 7, 2014 were issued on January 15, 2013 at the same time as the current years share issuance was made. Therefore on January 7, 2013, a total of 75,000 shares were issued at a price of $12,000 or $0.16 per share.

On July 4, 2013, the original Marmion property agreement was further modified. A $60,000 payment that was due June 7th was postponed to January 7, 2014 and in recompense on July 31, 2013, 25,000 common shares (consisting of 50% of the original 50,000 common shares that were due on January 7, 2015) were issued at a price of $0.04 per common share.

On January 29, 2014 the Company abandoned its Marmion South Contact property so that it could focus on those properties that showed more promising results. In order to abandon the property with no further obligations the Company agreed to issue the optionors 100,000 common shares at a fair value of $0.12 per share.

On November 21, 2013 5,290,000 common shares were issued at a price of $0.05 per common share for gross proceeds of $264,500. In conjunction with the private placement 295,000 shares at a price of $0.05 per common shares were issued as a finders fee.

On November 26, 2013, the Company entered into a letter agreement with an arm's length party (the "Optionor") to earn a 40% interest in certain mineral claims known as the Lac Elan property in the province of Quebec. To acquire the 40% interest, the Company agreed to issue a total of 1,000,000 common shares and incur a total of $100,000 in exploration expenditures before the second anniversary of the agreement, with $25,000 of that being spent before the first anniversary.

On December 7, 2013 the Company entered into a letter of intent with an arm's length party (the "Vendor") to earn a 100% interest in certain mineral claims known as the Buttercup property in the province of Quebec. To acquire the 100% interest, the Company agreed to pay $50,000 to certain suppliers of the Vendor, issue a total of 1,000,000 common shares and pay a total of $150,000 to the Vendor. Further the net profits from production will be split 80% to the Vendor and 20% to the Company until the Vendor has received a total payment of $3,000,000. Thereafter the Vendor will receive 5% of the net profits and the Company will receive 95%.

On January 10, 2014 the Company staked 96 claims near our Buttercup and Lac Elan properties called the Hearth Property. The Hearth Property contains the apparent strike extensions of the Buttercup and Lac Elan mineralized zones and consolidates the area so that Fairmont should be able to continue exploration unencumbered.

On February 13, 2014 the Company agreed to terms with the optionors of the Clay Powell property to extend the option until December 13, 2014. The Company agreed to issue 25,000 common shares to cover past obligations and to issue 100,000 common shares for the extension to December 13, 2014.On May 2, 2014, the Company issued 25,000 shares at a price of $0.15 per share, and 100,000 shares at a price of $0.16 per share on June 17 of the same year. The minimum exploration expenditure obligations of $500,000 that were originally due by October 15, 2013 were postponed to December 31, 2014 by the optionors. The Company has incurred $229,042 of these exploration expenditure obligations.

On June 23, 2014 1,291,667 units were issued at a price of $0.15 per unit for gross proceeds of $193,750. Each unit consists of one common share (a "Share") and one half share purchase warrant (a "Warrant"). Each Full Warrant will entitle the holder to purchase one Share for a period of 12 months at an exercise price of $0.25 per Share (the "Warrant Term"). No finder's fee was paid in connection with the closing of this private placement.

On October 24, 2014 the Company entered into an agreement with an arms length party (the "Optionor") to acquire 100% interest in the 435 hectare Lac Bouchette Quartz Property. The Lac Bouchette Quartz Property is located 15 kilometres south of Lac St-Jean, and less than 100 km from Port Alfred and less than 100 km from the Grand Anse Sea Terminal. Fairmont (the "Optionee") will:

- (i) pay to the Optionor $50,000 in cash or equivalent in common shares upon the earlier of the execution of the Definitive Agreement and completion of the Due Diligence Period (paid $25,000 and issued 135,135 common shares at a price of $0.175 per share subsequent to year end),;
- (ii) pay to the Optionor $50,000 in cash or equivalent in common shares on or before December 31, 2014 (issued 344,827 common shares at a price of $0.155 per share subsequent to year end); and
- (iii) pay to the Optionor another $100,000 cash or equivalent in common shares in installments of $50,000 on June 1, 2015 and December 1, 2015.
- (iv) The Optionee shall be responsible for keeping the Property in good standing including the filing of required assessment work and completing regulatory work expenditures or making cash payments in lieu of work 60 days before required under the rules of the jurisdiction.
- (v) The Property shall be subject to a 20 kilometre area of interest (the "AOI"). with the exception of existing claims held by the Optionor or Optionee, other than the Property, in AOI at the time of signing.
- (vi) The Property will be subject to a $2 per tonne royalty for all ore currently stockpiled on the property and a 2% gross royalty for any new mined ore in favor of the Optionor.

On July 31, 2014 the Company abandoned its Houghton Creek property and instead will focus on those projects that show better prospects.

At October 31, 2014, the Company had cash of $155,065 (October 31, 2013 – $3,567). At October 31, 2014 the company had working capital of $ 109,557 (October 31, 2013 – negative $169,952). To date, the Company's sole source of financing has been derived from the issuance of common shares.

On March 4, 2013, 368,250 warrants at $2.80, 71,875 warrants at $1.60 and 409,375 warrants at $3.00 expired. On March 15, 2013, 83,750 warrants at $2.80 expired. The total number of warrants that expired during the year ended October 31, 2013 was 933,250.

On March 15, 2014 945,666 warrants at $0.80 expired.

On June 23, 2014, the Company issued 766,667 units for gross proceeds of $115,000, and 525,000 units as a payment of $78,750 for consulting fees. Each unit consists of one common share and one half of a warrant, Each full warrant can be exchanged for one common share at a price of $0.25 per common share. The Company has an Acceleration Right that provided the average closing price for the Common Shares on the principal exchange or market on which the Common Stock trades has been equal to or greater than $0.35 per share for 10 consecutive trading days prior to the date that the Company exercises the acceleration right. To exercise the Acceleration Right, the Company shall issue a news release announcing that it has elected to exercise the Acceleration Right (the "Acceleration Notice"). If the Company exercises the Acceleration Right, the holder shall exercise such Warrant on or before 5:00 PM Pacific time on the day that is 30 days after the issuance of the news release announcing that it has elected to exercise this Acceleration Right

On September 5, 2014 3,000,000 units, consisting of one common share and one half of a warrant, were issued at a price of $0.15 per unit for gross proceeds of $449,400. In conjunction with the private placement 141,000 shares at a price of $0.15 per common shares were issued as a finder's fee. Each full warrant can be exchanged for one common share at a price of $0.25 per share. The Company has an Acceleration Right that provided the average closing price for the Common Shares on the principal exchange or market on which the Common Stock trades has been equal to or greater than $0.35 per share for 10 consecutive trading days prior to the date that the Company exercises the acceleration right. To exercise the Acceleration Right, the Company shall issue a news release announcing that it has elected to exercise the Acceleration Right (the "Acceleration Notice"). If the Company exercises the Acceleration Right, the holder shall exercise such Warrant on or before 5:00 PM Pacific time on the day that is 30 days after the issuance of the news release announcing that it has elected to exercise this Acceleration Right.

Other Events and Transactions

Appointments and Resignations

On September 23, 2013 Neil Pettigrew stepped down as an officer of Fairmont, but continues as a director. Michael Dehn consented to act as President, CEO and a Director.

On February 27, 2014 Fairmont appointed Ernest Cleave as a director. Mr. Cleave is currently the Chief Financial Officer of Largo Resources Ltd. and a Director of Firesteel Resources Inc. Mr. Cleave is a business professional with over 20 years' experience in finance strategy, M&A, compliance, financial reporting, internal control and strategic planning.

He served as Director, Chief Financial Officer, Corporate Controller and in senior finance positions for large, multi-national companies in the mining, manufacturing and retail sectors, including Bata Limited, Falconbridge Limited, and Goldcorp Inc. He started his career with PricewaterhouseCoopers in 1993 and has also served as Chief Financial Officer for numerous junior mining companies, including Alturas Minerals Corp., Cline Mining Corporation and Grandview Gold Inc.

On February 27, 2014 John Bevilacqua resigned as director. Fairmont would like to thank John for all his help and cooperation and wish him the best of success in his other projects.

Escrow Shares Released

On April 15, 2013 337,880 common shares were released from escrow. At October 31, 2014 and October 31, 2013 there were no common shares in escrow.

Commitments

Lac Elan Property (Quebec)

On November 26, 2013, the Company signed a definitive option agreement with ElanOre Resources (the "Optionor") to acquire a 40% undivided interest in the 388.5 sq km Lac Elan property located near Saguenay, Quebec.

The Company may exercise the option by the issuance of 1,000,000 common shares of the Company (issued), and by incurring a total of $100,000 in exploration or development expenditures on the properties within 24 months of signing, with $25,000 being incurred before the first anniversary.

On November 24, 2014, the Company and the optionor agreed to amend the agreement and the minimum expenditure requirement to be spent by the first anniversary was removed.

Buttercup Property (Quebec)

On January 28, 2014, the Company signed a Mineral Property Purchase Agreement with two prospectors to acquire 100% interest in the 25 claim, Buttercup Property, located near Saguenay, Quebec.

The Company issued 1,000,000 shares and made an up front payment of $50,000 for certain professional services and government fees related to the Property. We will also be required to pay a further $150,000 in cash. The schedule for the cash payments are: $50,000 within 60 days of Fairmont receiving final permits to conduct commercial production, and $100,000 on the commencement of commercial production. The first $3 million in net profits are to be split 80% (Vendors) and 20% (Fairmont), thereafter the net profits shall be split 95% (Fairmont) and 5% (Vendors). In the event the vendors do not receive proceeds totaling $3 million prior to the 6th anniversary of the definitive agreement, then Fairmont shall issue up to a maximum 20 million shares based on standard dilution pro rata to top up what the vendors received prior to the 6th anniversary. If commercial production does not occur within three years of entering the definitive agreement, the Property will revert back to the Vendors.

Lac Bouchette Quartz Property (Quebec)

On October 24, 2014 the Company entered into an agreement with two prospectors (the "Optionor") to acquire 100% interest in the 435 hectare Lac Bouchette Quartz Property. Fairmont (the "Optionee") will/has:

(i) paid to the Optionor $25,000 cash and $25,000 in shares of Fairmont within five days of TSX Venture Exchange acceptance of the agreement, (paid $25,000 and issued 135,135 common shares at a price of $0.175 per share).

(ii) paid $50,000 in shares of Fairmont on or before December 31, 2014, (issued 344,827 common shares at a price of $0.155 per share)

(iii) pay $50,000 on or before June 1, 2015, and

(iv) Pay $50,000 on or before December 1, 2015.

At the election of Fairmont, the payments set out in paragraphs (ii) to (iv) may be settled by the issuance of common shares of Fairmont, subject to TSX Venture Exchange Acceptance.

The Optionor agreed with the Company to extend the December 31, 2014 payment until January 2015. On January 14, 2015 344,827 common shares were issued at a price of $0.15 per share.

The Optionee shall be responsible for keeping the Property in good standing including the filing of required assessment work and completing regulatory work expenditures or making cash payments in lieu of work 60 days before required under the rules of the jurisdiction.

The Property will be subject to a $2 per tonne royalty for all ore currently stockpiled on the property and a 2% gross royalty for any new mined ore in favor of the Optionor.

Clay and Powell Properties (Ontario)

On September 14, 2010, the Company entered into a Letter of Intent with Rainy Mountain Royalty Corp. and Mega Uranium Ltd. (the "Optionors") for an option to purchase a 70% undivided interest in 11 mineral tenures comprising the Powell property and 10 mineral tenures comprising the Clay property (the "Properties") located near Thunder Bay, Ontario.

On February 13, 2014 the Company agreed to terms with the optionors of the Clay Powell property to extend the option until December 31, 2014. The Company agreed to issue 100,000 common shares (on approval from the TSX Venture Exchange) for the extension to December 31, 2014, and on May 2, 2014 the Company issued 25,000 common shares to cover past obligations. Minimum expenditure obligations that were due on October 15, 2013 were extended to December 31, 2014. The Optionors may also purchase back the option with a payment of $1,000 if they receive a bona fide offer from a third party that wishes to purchase the option. The Company has therefore written down the value of the property to $1,000.

The Company may exercise the option by the issuance to the Optionors of 200,000 common shares in the capital stock of the Company, and by incurring a total of $1,000,000 in exploration and development expenditures on the properties as follows:

Date of Completion	Number of Common Shares	Minimum Expenditures
Within 10 days of October 15, 2010 (shares issued at a value of $25,000)	25,000	$ -
Before October 15, 2011 (shares issued at a value of $11,000) (minimum expenditures of $250,000 incurred)	25,000	250,000
Before October 15, 2012 (shares issued at a value of $6,000) (minimum expenditures of $250,000 incurred)	25,000	250,000
On signing of option extension agreement (shares issued)	25,000	-
Within 10 days of approval from the Exchange	100,000	-
Before December 31, 2014 (expenditures of $229,042 incurred)	-	500,000
	200,000	$ 1,000,000

In the event that the Company decides to abandon the option to purchase the properties, the Company will provide thirty days prior written notice and will provide payment of rental fees for a period of at least nine months from the effective date of such abandonment.

Pursuant to the Letter of Intent, the Clay and Powell properties are subject to a 2% net smelter return ("NSR") of which 1% can be purchased for $500,000 and the second 1% for $1,000,000. The Company and the Optionors will pay the amount in proportion to their respective interest in the Properties.

Subsequent to the year end, on November 28, 2014, The Company informed the Optionors that we would be cancelling the option agreement effective December 28, 2014.

Houghton Creek Property (Ontario)

On July 25, 2012, the Company entered into a letter agreement with an arm's length party (the "Optionor") to earn a 100% interest in certain mineral claims known as the Houghton Creek property. The property is located in the Patricia Mining Division, Ontario. To acquire the 100% interest, the Company agreed to pay $22,000, issue a total of 56,250 common shares and incur a total of $150,000 in exploration expenditures.

In July-August of 2012 the Company conducted a one week reconnaissance prospecting, soil sampling and lake sediment sampling program.

On July 31, 2014 the Company abandoned its mineral claims of the Houghton Creek Property so that it could focus on those projects that show better results.

Marmion South Contact Property (Ontario)

On January 7, 2011, the Company entered into a letter agreement with Karl Bjorkman (the "Optionor") to earn a 100% interest in 47 mineral claims known as the Marmion South Contact property. The agreement was amended on January 7 and July 4, 2013. On January 29, 2014 the Company decided to abandon its option to the Marmion property so that it could concentrate its efforts and capital on its other projects.

Selected Annual Information

The Company is the providing the following selected information with respect to the Company's audited financial statements for the fiscal years ended October 31, 2014, 2013 and 2012. The audited financial statements for these fiscal years were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

	Year ended October 31, 2014 ($)	Year ended October 31, 2013 ($)	Year ended October 31, 2012 ($)
Total Revenue	-	-	-
Operating Expenses	(396,753)	(404,526)	(692,657)
Loss Before Other Items and Income Tax	(396,753)	(404,526)	(692,657)
Write-Off Exploration and Evaluation Assets	(876,856)	(963,204)	-
Interest Income	-	537	5,339
Future Income Tax Recovery	-	-	-
Other income on settlement of flow-through share premium liability	-	-	55,173
Net Loss	(1,273,609)	(1,367,193)	(632,145)
Basic and Diluted Loss Per Share	(0.10)	(0.27)	(0.14)

	As at October 31, 2014 ($)	As at October 31, 2013 ($)	As at October 31, 2012 ($)
Balance Sheet Data			
Total assets	522,749	852,330	2,134,331
Total liabilities	83,282	177,176	108,578
Total equity	439,467	675,154	2,025,753

Results of Operations

During the year ended October 31, 2014, the Company incurred a net comprehensive loss before income taxes, interest and other income of $1,273,609 (2013 – $1,367,193). The expenses for the year ended October 31, 2014 include the following items:

- Accounting and audit of $45,560 (2013 – $52,200).
- Advertising and promotion of $34,951 (2013 – $85). The increase in fees was due to participation in tradeshows and preparation of the marketing document of ore and magnetite separation.
- Consulting $148,308 (2013 – $30,000). Consulting fees increase during the year due to work done for the Company by outside contractors to acquire our Quebec properties.
- Management fees were $40,500 (2013 – $88,500). Due to a change in management, fees decreased significantly from 2013 to 2014. Our new CEO has only drawn a monthly salary for the last four months of the year..
- Legal fees were $21,402 (2013 – $12,386). Legal fees increased in 2014 due to the negotiation and purchase of our Quebec properties.

In the year ended October 31, 2014, the Company earned interest income from redeemable guaranteed investment certificates of $nil (2013 – $537). The decrease was a result of selling our GIC in the prior year**.**

Project Updates

Lac Elan

The Lac Elan property is located directly north the town of St-David-de-Falardeau itself located some 20km North of Chicoutimi in the Lac St-Jean region of Quebec located on NTS map sheets 22D10, D11, D14 and D15 and covering 38851ha or 388.5 km^2.

During the late 1990's and early 2000's part of the property was explored by a local prospector who identified Iron-Titanium-Vanadium oxide horizons and lenses in the Lac Elan area and south-westward in the sector of the St. Louis River inside the Lac St-Jean anorthosite complex. A provincial park to the north contains historical iron-titanium prospects and deposits that were examined during the 1960's and 1970's. The largest one is the La Hache East that was studied by Soquem and others. South of the Lac Élan property, the Buttercup prospect was explored by Bersimis Mining Corp. in the 1960's.

BSF Resources Inc. ("BSF"), a subsidiary of ElanOre carried out an exploration program on the property in the fall of 2009, which included ground prospecting, magnetometric survey and trench excavation. The aim of the magnetometric survey was to identify high magnetic areas potentially linked to iron-titanium-vanadium mineralized zones dominated by magnetite, and to determine the location of possible trenching areas. The trench program was to locate and expose the mineralized bodies and to determine the grade of iron-titanium-vanadium over the width of the zones.

The magnetometric survey indicated a corridor of high magnetic values where oxide bodies were identified in the course of the current and/or previous exploration. Three trenches were excavated, two in St. Louis River area (RS-A and RS-B) and one in the Lac Elan area (EL-A). The trenches at St. Louis River cut oxide bodies with semi-massive oxides transition zone within the host rock anorthosite. The trench RS-A reported a continuous iron-titanium-vanadium intersection of 53.8% Fe_2O_3, 15.7% TiO_2 and 0.4% V_2O_5 over 9 metres. Trench RS-B reported a continuous intersection of 56.88% Fe_2O_3, 16.93% TiO_2 and 0.42 % V_2O_5 over 18.5 metres. The trench EL-A was predominately anorthosite with minor discontinuous oxide bodies. Historical and new trenches are distributed over a seven kilometre strike length, in a NE-SW high magnetic corridor to the West side of Lac Elan.

In May 2010, a new 3,126.2 line-km airborne magnetic survey, covering all of the Lac Élan property, identified three major NE-SW magnetic corridors up to 18 kilometres in length, in the Lac Elan area on the eastern claim block of the property. Previous trenches are located on the western magnetic corridor. The other two eastern magnetic corridors remain essentially unexplored, but a recent reconnaissance fieldwork confirms the presence of magnetite-ilmenite boulders on their axis. The airborne survey also identified large kilometre size strong magnetic anomalies in the western claim block, associated with rocks mapped as La Hache Monzonite which are known to contain Fe-Ti mineralization. La Hache Monzonite of the Lac Elan property remains largely unexplored because of difficult access. Many other magnetic anomalies identified by the airborne survey will also require follow up fieldwork.

In July 2011, ElanOre carried out a satellite imagery interpretation of geological features and lineaments that may represent possible faults, fractures, lithological contacts or regional mineral foliation on the property. The purpose of this study was to generate exploration targets in conjunction with airborne survey anomalies. The study mapped several lineaments from tens of metres to over sixteen kilometres. The minor lineaments are characterized by their short length, heterogeneous direction and density in the same area, while the major lineaments are characterized by their long length, specific direction and homogenous spatial distribution. Several exploration targets were pointed in this study, which are represented by V-shape and/or X-shape intersection of lineaments.

Lac Elan is a large property with prospective geology for Fe-Ti mineralization. Except for one magnetic corridor very little exploration work has been done on other areas of the property. Future exploration on the previously worked magnetic trend as well as on the unexplored magnetic corridors could lead to the discovery of other iron, titanium oxide horizons. Large anomalies associated to the La Hache Monzonite are also very prospective.

Early exploration for iron by began in the 1950's-1960's and lead to the discovery of the Buttercup prospect, 7 kilometres south of Lac Elan property, and also to the La Hache East deposit, 21 kilometres North-West of Lac Elan. Few years later, in the 1970's, Saguenay-Lac St-Jean mineral exploration was initiated by Mr. Lionel Lefebvre a local prospector. This was continued by Mr. Gaétan Tremblay, a local prospector, who first explored the sector of Lake Elan at the end of the 1990's. The discovery of magnetite-ilmenite-vanadium horizons was made at this time. Mr. Tremblay owned a few claims located on the eastern part of the property until 2004.

The early Fe-Ti exploration phase – 1950's-1970's

An airborne-magnetometer survey on part of the Lac St-Jean anorthosite massif conducted in 1952 by the Geological Survey of Canada indicated an extensive positive anomaly between the Shiphaw River and its tributary, the La Hache River. It was the beginning of exploration for iron and titanium north of the Saguenay River. La Hache and Buttercup deposits and the Lac Pauvre prospect were discovered in the following years.

1953: discovery of magnetite-ilmenite-apatite mineralization in the sector of the La Hache East deposit (GM 02451).

1961-1964: discovery of the K-nuts magnetite-ilmenite-vanadium lenses by two prospectors, Georges and Malek Hervieux. K-nuts will be, with works of Bersimis Mining Corp., known as the Buttercup prospect (GM 11992; GM 13169; GM 13400 [4 DDH]; GM 14082 [12 DDH]; GM 37207.

1965: Southern Exploration Development Corp. did exploration East of the Rivière des Huit Chutes, close to the La Hache W prospect (GM 17316; 3 DDH).

1965-1966: Norjac Explorers Ltd-North American Mining Explorers Corp. documents the area West of Lac Pauvre (GM 16939; GM 17560 [3 DDH]; GM 17771; GM 20112).

1968: Terra Nova Explorations Ltd. works on the La Hache West prospect (GM 21963).

1965-1975: North American Mining Explorers Corp. and Terra Nova Explorations Ltd works, with the early implication and take in-charge of the project by SOQUEM, provided resources evaluation to the La Hache East magnetite-ilmenite deposit (GM 17089; GM 17836; GM 21318; GM 21319 [3 DDH]; GM 21815 [2 DDH]; GM 23170 [4 DDH]; GM 30368 ; GM 31589; and other private sources).

Early exploration on Lac Élan – end of 1990's-early 2000's

Financed by the Fonds Minier du Saguenay-Lac St. Jean, the local prospector Mr. Gaétan Tremblay discovered and first documented magnetite-ilmenite-vanadium horizons in the Lac Élan and St. Louis River area at the end of the 1990's and the beginning of the 2000's. Mr. Tremblay carried hammer prospection, put in place flagged lines on 23.5 kilometres, carried out a ground magnetometric survey and mechanically dug 14 trenches in 1998-2000 in the sector of Lac Elan. Nine of these trenches exposed iron-titanium horizons up to 4 metres in thickness. The location of the trenches was mainly determined by outcrops and the use of a magnetometer. The magnetometric survey was carried out in many phases, some of which were done without a base station. The levelling of data, processed after the realization of the trenches, revealed that many strong magnetometric anomalies were not investigated (cf. Girard 2001). New trenches were proposed but never dug. Magnetometer anomalies are dispersed along a 3.5 kilometre NE-SW axis. Samples collected by IOS in 2000 provided typical analysis with 16-22 % TiO_2 and 0.32-0.66 % V_2O_5 (GM 59058; 59059; GM 59060; GM 60537; GM 60538).

Three kilometres south-west of Lac Elan, and north of the St. Louis River, other iron-titanium occurrences were also discovered. Seven trenches dug in the St-Louis River area exposed mineralized horizons up to 12 metres thick (Huss 2003). Sample assays provided 59 to 71 % Fe_2O_3, 18 to 24 % TiO_2 and 0.45 to 0.61 % V_2O_5. Labradorite found in the sector of St. Louis River was also examined for its potential as ornamental stone (GM 54700). Tremblay's works are located on the western magnetic trend adjacent to Lac Elan.

At the same time, North American Titanium Inc. had claims covering part of another magnetic trend East of Lac Elan, without any work assessment reported to the Quebec Government.

The Lac Elan property area was covered by a low density aerial magnetic survey (1958G), from which a high magnetic anomaly was detected North-West of Lac Élan (Girard 2001, carte 1; GM-59058). No detailed geological mapping of the area is available. The area was historically prospected and explored for diversified commodities, such as nickel, copper, iron, titanium, vanadium, ornamental stone plus gravel and sand.

Regional Geology

The Grenville Province, largely Proterozoic, occupies a vast territory in the northeastern North America. It is the result of a collisional orogen with associated plutonism in crustal rocks. The rocks have been poly-deformed with high grade amphibolite to granulite metamorphism. The property is located in the central part of the Grenville geological province (Figure 4).

Many magmatic events took place within the central Grenville Province in Québec from 1510 to 985 MY before today (Hébert et al., 2003), of which four generated anorthositic suites. Then about 1330 MY labradorite-type De La Blache plutonic suite, is the oldest one intruding the basement assemblages in the central Grenville. It was followed by the huge 1160-1140 MY multi-phase labradorite and andesine-type Lac Saint-Jean anorthosite suite (about 20,000 km^2). Later, the andesine-type 1080-1060 MY Saint-Urbain anorthosite suite was emplaced. The fourth anorthosite event is represented by the 1010-1008 MY andesine-type Labrieville anorthosite suite.

Iron and titanium oxide mineralization occurs within all Grenville anorthosite suites. Magnetite and ilmenite are found in the labradorite-type, while hemo-ilmenite and magnetite are associated with the andesine-type. Other Fe-Ti mineralizations are associated to the Labrieville anorthosite suite (Corriveau et al. 2007, Hébert et al. 2005), the Lac St. Jean anorthosite and the Rivière au Tonnerre anorthosite (Gobeil et al., 2003). Corriveau et al. (2007) provide more data on the Fe-Ti deposits in the Grenville Province of Quebec. Phosphate mineralization (apatite), locally in large volume, could be associated to the Fe-Ti oxides.

The Lac St-Jean and Saguenay geology was first described under the Laurin and Sharma 1965-1967 Grenville Project (cf. Laurin & Sharma 1972 and 1975) at the scale 1: 250,000, later compiled by Avramtchem and Piché (1981). Information given on these maps is limited. Hébert & Lacoste (1998) remapped the perimeter adjacent to the South-East corner of the Lac Élan property and integrated the previous geological data of map 22D15 at the scale 1: 50,000.

The Lac Élan property is located in a labradorite to andesine-type Lac St. Jean anorthosite complex. It is mapped as undifferentiated mafic units varying in composition from anorthosite to troctolite, with area characterized by monzonite.

Buttercup

In two places on the Buttercup property, stripping has shown that the south west ends of low lying ridges are composed of, medium grained titaniferous magnetite. These two occurrences lie close to the base line at 3N and 9N. At the latter locality the exposure measures about 150 feet by 170 feet. An outcrop of titaniferous magnetite was un-covered close to the base line some 15 feet east of an exposure of brecciated anorthosite. Other trenches and test pits were attempted in the area which only obtained bedrock in two locations near 18N 4 250tE and 15N + 500'E. In both cases, ore was encountered.

The deposits appear to lie along a major N.M. trending structure as indicated by a preliminary dip needle survey and brecciation in the surrounding anorthosite. A zone, one mile long and up to 1000 feet wide, has been roughly suggested within which dip needle readings are erratic and no outcrop of anorthosite has been found.

The Company announced in August, 2014 that it has received permits from the Ministère des Forêts, de la Faune et des Parcs (MFFP) for the Buttercup "BEX 1270" claim. These permits allow for the site preparation including tree removal as well as road construction to the site.

WSP Canada Inc. (http://www.wspgroup.com/en/WSP-Canada/), formerly Genivar has been engaged by the Company and it has undertaken additional site, hydrological and biological work requested by the Ministère du Développement durable, de l'Environnement et des Parcs (MDDEP) (formerly the Ministère du Développement durable, de l'Environnement et de la Lutte aux changements climatiques (MDDELCC)).

Subsequent to receiving the permits, the Company announced that it has commenced site preparation and road construction. Approximately 600m of new road to the Buttercup site from the existing and well-maintained secondary access road has been initiated. In addition to road construction, logging companies have been on site to assess the removal of timber from the Buttercup site, utilizing the site plans prepared by WSP Canada Inc.

Sécuritech Forêt commenced fieldwork in the second half of August, 2014, related to the road traffic and safety assessment on the secondary access road to the Buttercup deposit. This fieldwork is the basis for the report that will address visibility and obstructions, existing and recommended signage and general road condition on the secondary access road.

In December 2014, the Company received the Certificate of Authorization for the Buttercup Project. The Certificate of Authorization allows 300,000 tonnes annually of aggregate production from the property. The current plan is to produce titano-magnetite aggregate from Lens A, and quarry towards Lens B thereafter. Pursuant to the Certificate of Authorization, the Company's plan is to extract 300,000 tonnes per year of titano-magnetite aggregate from the Buttercup Property.

The commencement of production on the Buttercup Property will not be based on a NI 43-101 mineral resource or reserve estimate, a preliminary economic assessment, pre-feasibility study or feasibility study. As a result, there is no assurance that

the Company will be able to economically extract the titano-magnetite aggregate from the Buttercup Property. The commencement of production on the Buttercup Property is subject to the Company obtaining sales contracts for the purchase of titano-magnetite aggregate and sufficient financing.

Description of the Ore

The titaniferous magnetite is a glistening black mineral on fresh surface weathering to 'polished shoe' black. In hand specimen obtained from the surface, the break is characteristically a rusty yellow colour, an occasional small crystal of a green mineral can be seen. The mineralization is often quite granular in appearance exhibiting well developed crystals. No apatite or sulphides were seen in any of the specimens examined.

Results of analyses carried out by the Quebec Department of Natural Resources on chip samples taken from three of the main exposures are tabulated as follows:

Sample	Fe %	TiO2 %	SiO2 %	Al2O3%	MgO%	CaO %	P2O5%	S %	V2)5%
BM 30	51.14	19.51	0.61	6.38	3.44	0.14	0.01	0.002	0.65
BM 31	51.14	19.19	0.57	6.72	3.20	0.14	0.01	0.012	0.64
BM 32	50.75	20.10	0.69	6.53	2.87	0.17	0.01	0.002	0.67
Average	51.0	19.60	0.63	6.55	3.17	0.15	0.01	0.003	0.65

A Davis tube magnetic separation test of a composite sample powered to minus 200 mesh gave the following results.

	West Percentage	Fe %	TiO2
Magnetic Portion	77.8%	57.46%	15.94%
Non Magnetic Portion	22.1%	27.15%	32.06%

This information combined with an examination of a polished section under high magnification by Mr. J. P. Giraud of the Quebec Department of Natural Resources indicates that the ore is an Ulvo Spinal with a certain amount of intergrown ilmenite and very similar to La Blache mineralization.

Hearth Claims

On January 10, 2014 the Company staked 96 claims near our Buttercup and Lac Elan properties called the Hearth Property. The Hearth Property contains the apparent strike extensions of the Buttercup and Lac Elan mineralized zones and consolidates the area so that Fairmont should be able to continue exploration unencumbered.

While being underexplored, it is apparent from regional airborne magnetic surveys that the lithological package of rocks that occur on both the Buttercup and Lac Elan Properties extend onto the Hearth Property, although at this time it is inconclusive if any economic mineralization continues onto the Hearth Property.

Clay and Powell

On September 14, 2010, the Company entered into a Letter of Intent with Rainy Mountain Royalty Corp. and Mega Uranium Ltd. (the “Optionors”) for an option to purchase a 70% undivided interest in certain mineral tenures comprising the Powell property and the Clay property (the “Properties”) located near Thunder Bay, Ontario.

Under the original agreement the Company may exercise the option by the issuance to the Optionors of 100,000 common shares in the capital stock of the Company, and by incurring a total of $1,000,000 in exploration and development expenditures on the properties. On March 31, 2014 the Company agreed to issue an additional 100,000 shares to extend the option to purchase the property December 31, 2014. Minimum expenditure obligations for the year ended October 31, 2013 were extended by the optionors to December 31, 2014.

Date of Completion	Number of Common Shares	Minimum Expenditures
Within 10 days of October 15, 2010 (shares issued at a value of $35,000)	25,000	$ -
Before October 15, 2011 (minimum expenditures of $250,000 incurred; shares issued at a value of $11,000)	25,000	250,000
Before October 15, 2012 (minimum expenditures of $250,000 incurred; shares issued at a value of $6,000)	25,000	250,000
Before May 2, 2014 (Note 10)	25,000	-
Within 10 days of approval by TSX Venture Exchange	100,000	-
Before December 31, 2014 (expenditures of $229,042 incurred)	-	500,000
	200,000	$1,000,000

In the event that the Company decides to abandon the Option and the Properties, the Company will provide thirty days prior written notice and will provide payment of rental fees for a period of at least six months from the effective date of such abandonment.

On July 31, 2014 the property was written down to a value of $1,000 pursuant to an agreement with the Optionors that the option on the property could be bought back by them for $1,000 if they find a bona fide third party offer for the property.

Pursuant to the Letter of Intent, the Clay and Powell properties are subject to a 2% net smelter return ("NSR") royalty of which 1% can be purchased for $500,000 and the other 1% for $1,000,000. The Company and the Optionors will pay the amount in proportion to their respective interest in the Properties.

On November 28, 2014, The Company informed the Optionors that we would be cancelling the option agreement effective December 28, 2014.

Houghton Creek Property

On July 25 2012 Fairmont entered into an option agreement to earn 100% interest in the Houghton Creek Property. The Houghton Creek Property consists of 1,312 hectares, and is located in the Savant Lake Greenstone belt which forms part of the Wabigoon Subprovince located in Northwestern Ontario.

On July 31, 2014 we terminated our option to purchase the Houghton Creek property so we could focus our resources in our mineral claim properties in Quebec.

Marmion South Contact

In fiscal 2011, the Company entered into a letter agreement whereby it was granted an option to acquire a 100% interest in the Marmion South Contact Property. The Marmion South Contact Property consists of 8,208 hectares and is located approximately 200 km west of Thunder Bay.

On January 29, 2014, We decided to terminate our option to purchase the Marmion property so that we could focus our energies on our properties in Quebec.

Summary of Quarterly Results

The following sets out a summary of the Company's quarterly results for the eight most recently completed quarters. All periods listed below were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

	Three Months Ended October 31, 2014	Three Months Ended July 31, 2014	Three Months Ended April 30, 2014	Three Months Ended January 31, 2014

Total assets	$ 522,749	$ 224,410	$ 262,322	$ 1,092,683
Working capital (deficiency)	109,557	(28,277)	(72,722)	(11,043)
Shareholders' equity	439,467	150,787	164,794	994,908
Interest income	-	-	-	-
Net loss	157,459	225,055	841,349	49,746
Loss per share	(0.01)	(0.02)	(0.06)	(0.00)

	Three Months Ended October 31, 2013	Three Months Ended July 31, 2013	Three Months Ended April 30, 2013	Three Months Ended January 31, 2013
Total assets	$ 852,330	$ 1,880,901	$ 1,940,507	$ 2,013,234
Working capital (deficiency)	(169,952)	(71,738)	8,461	130,100
Shareholders' equity	675,154	1,735,572	1,814,633	1,935,784
Interest income	-	73	167	297
Settlement of flow-through share premium	-	-	-	-
Net loss	1,061,549	80,281	117,449	107,914
Loss per share	(0.02)	(0.02)	(0.02)	(0.02)

On November 21, 2013 the Company issued 5,290,000 common shares for gross proceeds of $264,500. The Company paid a total of $15,515 in share issuance costs, which included 295,000 shares issued at $14,750 as a finders fee.

On December 6, 2013 the Company issued 1,000,000 common shares at $0.05 per share as payment for the Lac Elan property. On December 13, 2013 100,000 common shares at $0.05 per share were issued as a finders fee for this property.

On January 28, 2014 the Company issued 1,000,000 common shares at $0.05 per share as payment for the Buttercup property

On February 26, 2014 the Company issued 100,000 common shares at $0.12 per share as compensation for canceling the Company's option on the Marmion South Contact property.

On May 2, 2014 the Company issued 25,000 common shares at $0.15 per share in payment for the Company's option on the Clay Powell property. The Company paid a total of $647 in share issuance costs.

On June 17, the Company issued 100,000 common shares at $0.16 per share in payment for the Company's option on the Clay Powell property.

On June 23, 2014 the Company issued 766,667 units for gross proceeds of $115,000, and 525,000 units as a payment of $78,750 for consulting fees. Each unit consists of one common share (a "Share") and one half share purchase warrant (a "Warrant"). Each Full Warrant will entitle the holder to purchase one Share for a period of 12 months at an exercise price of $0.25 per Share (the "Warrant Term"). No finder's fee was paid in connection with the closing of this private placement. The Company paid a total of $1,805 in share issuance costs.

On September 5, 2014 the Company issued 3,000,000 units for gross proceeds of $449,400. Each unit consists of one common share (a "Share") and one half share purchase warrant (a "Warrant"). Each Full Warrant will entitle the holder to purchase one Share for a period of 12 months at an exercise price of $0.25 per Share (the "Warrant Term"). A finder's fee of 141,000 shares was paid in connection with the closing of this private placement. The Company paid a total of $3,261 in share issuance costs.

As at October 31, 2014, the Company has paid or accrued $162,052 for mineral property acquisition costs and $167,858 for deferred exploration costs on the Lac Elan, Buttercup and, Hearth properties.

At the Company's annual general meeting on July 28, 2014, the shareholders endorsed the rolling stock option plan, under which the Company is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued

and outstanding shares. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

During the year ended October 31, 2014 and 2013, the Company did not grant any stock options. In the year ended October 31, 2014 the Company expensed $nil (2013 – $2,594) for share options which vested.

On September 25, 2013, 25,000 common share options in the name of a consultant expired.

Liquidity and Capital Resources

To date, the Company has not yet realized profitable operations and has relied on equity financings and trade credit to fund the losses. The Company does not have sufficient funds to satisfy its exploration expenditure plans for the current fiscal year and will be required to raise capital through the equity market.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

	October 31, 2014	October 31, 2013	October 31, 2012
Working capital (deficiency)	$ 109,557	$ (169,952)	$ 242,357
Deficit	$ (4,616,069)	$ (3,342,460)	$ (1,975,267)

Net cash used in operating activities during the year ended October 31, 2014, was $ 524,764 (2013 – $159,360). The cash used in operating activities for the period consists primarily of the operating costs, a decrease in accounts payable, accrued liabilities and due to related parties and an increase in prepaids and amounts receivable.

Net cash provided by financing activities during the year ended October 31, 2014, was $901,172 (2013 – $nil).

Net cash used in investing activities during the year ended October 31, 2014, was $224,910 (2013 – $86,233).

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be unable to continue operating. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company has sufficient funds to cover anticipated administrative expenses and continue to conduct exploration activities throughout the current fiscal year. It will continue to focus on actively exploring its mineral properties.

Related Party Transactions

At October 31, 2014, there was a balance of $10,594 (October 31, 2013 – $94,111), owed to a company controlled by two of the Company's directors.

At October 31, 2014, there was a balance of $1,052 (October 31, 2013 – $nil), owed to one of the Company's directors.

At October 31, 2014, there was a balance of $nil (October 31, 2013 – $370), owed to one of the Company's directors.

At October 31, 2014, there was a balance of $1,000 (October 31, 2013 – $9,000), owed to one of the Company's directors.

In the year ended October 31, 2014, the following amounts were paid or accrued to related parties:

a) Paid or accrued $28,500 (2013 –$nil) in management fees and $10,000 (2013 –$nil) in administrative fees to a company controlled by Michael Dehn, CEO and president of the Company.

b) Paid or accrued $12,000 (2013 –$12,000) in management fees to Greg Ball a director of the Company.

c) Paid or accrued $nil (2013 – $76,500) in management fees to a company controlled by Michael Thompson and Neil Pettigrew, two directors of the Company.

d) Paid or accrued $nil (2013 – $8,645) in deferred exploration expenses to a company controlled by Michael Thompson and Neil Pettigrew, two directors of the Company.

The related party transactions are in the normal course of operations.

Changes in Accounting Policies

These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of the financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimated uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

1) the carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position;

2) the inputs used in the accounting for share-based payment expense included in profit or loss.

Significant Accounting Policies

a) Statement of compliance and basis of presentation

These financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements of the Company are presented in Canadian dollars unless otherwise indicated, which is the functional currency of the Company.

b) Use of Estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of impairment of exploration and evaluation assets and deferred exploration costs, share-based payments and future income tax valuation allowance. Actual results could differ from those reported.

Significant assumptions about the future and other sources of estimated uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to the following:

1) the carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position,

2) the inputs used in the accounting for the deferred tax liability,

3) the inputs used in the accounting for stock-based payment expense included in profit or loss.

c) Cash

The Company considers all highly liquid instruments with a maturity of three months or less when purchased, or which are redeemable at the option of the Company, to be cash equivalents.

d) Exploration and evaluation assets

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

e) Income Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that

affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

f) Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Provision for closure and reclamation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision required for closure and reclamation as at October 31, 2014 or October 31, 2013.

h) Share-based payment

The Company applies the fair value method to share-based payments and all awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Share-based payment expense is recognized over the applicable vesting period with a corresponding increase in equity reserves. When the options are exercised, the exercise price proceeds together with the amount initially recorded in equity reserves are credited to share capital.

i) Basic and diluted loss per share:

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of the diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. Since the Company has losses the exercise of outstanding options has not been included in this calculation as it would be anti-dilutive.

j) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and the premium is recognized as other income.

k) Share Issue Costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to operations.

l) Financial Instruments

Financial assets:

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that provide objective evidence of impairment, which are recognized in earnings. The Company's investments are classified as available-for-sale and its receivables are classified as loans and receivables.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities:

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value plus directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period or, where appropriate, a shorter period. The Company's financial liabilities consist of accounts payable, accrued liabilities and due to related parties, which are classified as other liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including embedded derivatives, are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Impairment of financial assets:

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not be recognized.

m) Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Financial Instruments

Fair Values

The Company's financial instruments consist of cash, accounts payable and accrued liabilities and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.
The following table summarizes the carrying values of the Company's financial instruments:

	October 31, 2014	October 31, 2013
Fair value through profit or loss (i)	$ 155,065	$ 3,567
Loans and receivables (ii)	21,576	2,459
Other financial liabilities (iii)	82,282	162,176

(i) Cash
(ii) Amounts receivable
(iii) Accounts payable and accrued liabilities and amounts due to related parties
The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market date

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

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 155,065	-	-	$ 155,065

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuances when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

Foreign Exchange Risk

The Company does not have significant foreign exchange risk as all of its transactions are in Canadian dollars.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company

Adopted and Future Accounting Standards

New accounting policies adopted

The following accounting policies were adopted and effective November 1, 2013

IFRS 10 – Consolidated Financial Statements establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 – Consolidation – Special Purpose Entities and IAS 27 – Consolidated and Separate Financial Statements.

IFRS 11 – Joint Arrangements requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation.

IFRS 12 Disclosure of Involvement with Other Entities requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

IAS 27 Separate Financial Statements has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28 Investments in Associates and Joint Ventures prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

The adoption of the above standards did not have an impact on the financial statements.

New Standards, interpretations and amendments not yet effective

Effective for annual periods beginning on or after January 1, 2014:

IFRS 10, IFRS 12, IAS 27, Exception from Consolidation for "Investment Entities"
IFRS 10 is amended to define an "investment entity" and introduce an exception from consolidation for investment entities. IFRS 12 and IAS 27 are amended to introduce disclosures that an investment entity needs to make.

IAS 32, Financial Instruments: Presentation
IAS 32 is amended to clarify requirements for offsetting of financial assets and financial liabilities.

Effective for annual periods beginning on or after January 1, 2015:

IFRS 7, Financial Instruments – Disclosure
Amended to require additional disclosures on transition from IAS 39 to IFRS 9.

Effective for annual periods beginning on or after January 1, 2018

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

The Company has initially assessed that there will be no material reporting changes as a result of adopting the above new standards; however, enhanced disclosure requirements are expected.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at October 31, 2013.

Additional Disclosure for Venture Issuers without Significant Revenue

Please refer to Note 4 in the financial statements for the year ended October 31, 2014 for a description of the capitalized exploration and development costs on the Buttercup, Lac Elan, Hearth, Clay and Powell Property and Houghton Creek Property. For a description of the general and administrative expenses, please refer to the condensed interim statements of comprehensive loss contained in the financial statements for the year ended October 31, 2014.

Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of the MD&A:

	Number of shares issued or issuable
Common shares	17,928,989
Stock options	362,500
Warrants (including agent warrants)	2,145,833

Escrow Shares

At October 31, 2014, pursuant to an escrow agreement dated December 10, 2009, all escrow shares were released.

Business Risks

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

- Financial risks include commodity prices, interest rates and the Canada / United States exchange rate, all of which are beyond the Company's control.

- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

The Company currently does not have adequate cash for planned exploration expenditures and general and administrative expenses in the next fiscal year and will require financing in the future to continue in business. There can be no assurance that such financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

Internal Controls over Financial Reporting

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Lack of optimal segregation of duties has been observed due to the relatively small size of the Company, but management believes that these weaknesses have been adequately mitigated through management and director oversight.

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.

Further Information

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