FAIRMONT RESOURCES INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED APRIL 30, 2017

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 June 29, 2017, and should be read in conjunction with the financial statements for the six months ended April 30, 2017 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 2017, 2016 and 2015 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, 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 our Quebec Projects.

Description of Business

Fairmont Resources Inc. (the "Company") is primarily focused on the exploration and development of one iron-titanium-vanadium property, a lithium property and three quartz properties. The iron-titanium-vanadium property is called the Buttercup Property and is located in south central Quebec, 250 km North of Quebec City. Near this property we have an option on a quartz property called Lac Bouchette. Our lithium property is called Rome Lithium and is located near Val d'Or, Quebec. We also have options on two more quartz properties located about 400 km North East of Quebec City and named Forestville and Baie Comeau.

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.

Further, the Company entered into an agreement to acquire the former stone assets of Granitos de Badajoz S.A. ("Grabasa") from a Spanish court appointed receiver. The assets include 23 premium quality dimension stone mine licenses and a 42,000 square metre processing facility for cutting and polishing with an annual production capacity in excess of 250,000 square metres (the "Grabasa Assets").

On May 26, 2017 the option to purchase Grabasa expired. We are currently appealing the decision by the Spanish court to not extend our option. The Company has found a group to provide the financing for Grabasa and they only require 60 days to do their due diligence. The competing bids for the company are for less money and there is a possibility that the other bidders will break up the assets and not operate the company as is Fairmont's goal. We also feel that the application by a competing bidder to cancel our option was not done by the proper legal methods.

The transaction, if it is reinstated, is subject to the Company obtaining financing and approval of the TSX Venture Exchange. See "Commitments – Grabasa Assets".

Overall Performance

For the six months ended April 30, 2017, the Company incurred a net loss of $343,323 (2016 – $161,238). The increased loss was primarily caused by higher costs for financing, consulting and legal fees primarily relating to the Grabasa acquisition. There were also higher costs in 2017 related to investor relations and advertising.

During the year ended October 31, 2016, 12,500 options, at an exercise price of $1.24 per share expired.

During the six months ended April 30, 2017, 275,000 options, at an exercise price of $0.60 per share expired and 1,000,000 options, at an exercise price of $0.25 per share expired.

The Company acquired a 100% interest in the Forestville and Baie Comeau Quartzite properties (the "Properties") pursuant to the terms of an option agreement. The Forestville Quartzite property is located 20 kilometres north-northwest of the town of Forestville, Quebec. The Baie Comeau Quartzite property is 8 kilometres northwest of Baie Comeau, Quebec, and partially crosses highway 389. The properties were acquired as potential raw material source of high purity glass, fibre optics, ferrosilicon and silica metal.

The Company acquired a 100% of the Properties by completing the following:

i) pay to the Optionor 500,000 shares on the date of acceptance of the TSX Venture Exchange (the "Exchange Approval Date") (paid);

ii) pay $6,000 on the Exchange Approval Date (by mutual consent the $6,000 payment has been delayed indefinitely);

iii) pay $100,000 in shares on or before January 21, 2016 (issued 2,000,000 common shares at a price of $0.05 per share);
iv) pay $50,000 in shares on or before July 21, 2016 (issued 294,117 common shares at a price of $0.17 per share on August 8, 2016); and
v) incur $60,000 of exploration expenditures on the Forestville Quartzite Property on or before December 31, 2015 (incurred).

The Optionee shall be responsible for keeping the Properties in good standing including the filing of required assessment work and completing regulatory work expenditures or making cash payments in lieu of work 120 days before required under the rules of the jurisdiction.

On February 23, 2016 the Company signed a letter of intent with the Spanish courts to purchase the assets of Grabasa in Badajoz province of Spain. Grabasa is a manufacturer of polished granite slabs used for flooring, building cladding, countertops and other purposes. Conditional on securing adequate financing and completion of successful due diligence, the Company intends to operate Grabasa. It is the Company's intention to put the operations in Spain into production as soon as practicable. The Company will pay 3,700,000 Euros (the "Purchase Price") for 100% interest in all assets of Grabasa, which include but are not limited to 23 stone mine licenses, numerous pieces of heavy machinery and a modern manufacturing plant. The Purchase Price for the Grabasa Assets will be allocated as follows: (i) EUR 2,700,000 for the facility and 22 stone mining licenses, and (ii) EUR 1,000,000 for stone mine license Grabasa I-B. Also, the Company entered into a success fee agreement with Eureka Trading ("Eureka") to pay Eureka a success fee of 575,000 Euros on closing of the transaction. The transaction remains subject to the Company obtaining financing and final approval of the TSX Venture Exchange.

Eureka Trading has filed an action against the Company in the Spanish Courts for nonpayment of EUR575,000 in fees associated with the Grabasa project. The Company vehemently denies that the fees are owed and will defend itself in court. The contract stipulates that the fees are only due upon "successful" completion of the purchase of Grabasa.

On May 26, 2017 the deadline to make the 2,700,000 Euro payment passed and the Spanish court terminated the offer by Fairmont for the Grabasa assets. Fairmont expects to appeal the ruling and continues to pursue the purchase of the assets of Grabasa .

At April 30, 2017, the Company had cash of $6,712 (October 31, 2016 – $18,741). At April 30, 2017 the Company had a working capital deficit of $579,105 (October 31, 2016 – $524,528). To date, the Company's sole source of financing has been derived from the issuance of common shares.

On June 8, 2016 the Company issued 8 million units (the "Units") at a price of $0.06 per Unit for gross proceeds of $480,000. Each Unit consists of one common share (a "Share") and one half Share purchase warrant (a "Warrant"). Each full Warrant entitles the holder to purchase one Share for a period of 12 months at an exercise price of $0.10 per Share (the "Warrant Term"). Fairmont may accelerate the Warrant Term for the outstanding but unexercised Warrants such that the Warrant Term shall expire at 5:00PM Pacific Time on the day that is 30 calendar days after the date that Fairmont first issues the Acceleration Notice. In order to exercise the acceleration rights, (i) the average closing price must have been equal to or greater than $0.20 (subject to adjustment for forward or reverse stock splits, recapitalizations, stock dividends or other changes to Fairmont's corporate or capital structure) for ten consecutive Trading Days (the "ten Day Period") prior to the date that Fairmont exercises the acceleration rights; and (ii) Fairmont must issue a news release announcing its intention to exercise the acceleration rights (the "Acceleration Notice") within five business days after the end of the particular ten Day Period relied upon by Fairmont. As of June 8, 2017 all unexercised warrants expired.

On June 14, 2016 the Company issued 500,000 common shares at $0.19 per share as the first payment for the Rome Lithium property.

On June 17, 2016 the Company issued a total of 1,815,000 stock options to its directors, officer and consultants. The options are exercisable at a price of $0.18 per share. The options issued to directors and officers expire on June 17, 2021 and the options for consultants expire on June 17, 2018.

On December 12, 2016 the Company issued 500,000 common shares at a price of $0.075 as the second payment on the Rome Lithium property.

On December 30, 2016 the Company issued a total of 1,425,000 Flow Through Units at a price of $0.08 for proceeds of $114,000. Each unit consists of one share and one share purchase warrant that can be exercised at $0.15 until December 30, 2018.

On January 20, 2017 the Company issued a total of 2,142,857 Non-Flow Through Units at a price of $0.07 for proceeds of $150,000. Each unit consists of one share and one share purchase warrant that can be exercised at $0.15 until January 20, 2019.

On February 6, 2017 1,000,000 options at $0.25 per share expired.

On February 8, 2017 262,500 options at $0.60 per share expired.

On February 14, 2017 12,500 options at $0.60 per share expired.

On March 3, 2017 575,000 warrants were exercised at $0.10 per warrant for gross proceeds of $57,500 in exchange for 575,000 shares of common stock.

On March 24, 2017 175,000 warrants were exercised at $0.10 per warrant for gross proceeds of $17,500 in exchange for 175,000 shares of common stock.

On June 8, 2017 the remaining 3,552,400 warrants that were issued on June 8, 2016 expired.

On June 13, 2017, the Company issued a total of 500,000 shares at a price of $0.05 as payment on the Rome lithium property.

On June 13, 2017, the Company issued a total of 565,000 shares at a price of $0.10 as payment on debt owed to a vendor.

Commitments

Rome Lithium Property (Quebec)

On May 26, 2016 the Company signed an option agreement with a Quebec prospector (the “Optionor”) to acquire a 100% interest in the Rome Lithium property, near Val d’Or, Quebec (the “Property”). Accordingly, Fairmont (the “Optionee”) will issue to the Optionor 500,000 shares (issued) and will pay the Optionor $25,000 (paid).

In order to exercise the balance of the option, Fairmont will be required to:

- issue 500,000 shares on or before December 10, 2016 (issued);
- issue 500,000 shares on or before June 10, 2017 (issued); and
- incur $50,000 of exploration expenditures before May 26, 2017
- Incur an additional $100,000 of exploration expenditures before May 26, 2019.

The Property will be subject to a 2% Production Royalty per tonne. The Optionee may purchase one half of the Production Royalty (1%) for one million dollars (Canadian) at any time.

Grabasa Assets (Spain)

The Company entered into an agreement with the Spanish courts to acquire the Grabasa Assets. In consideration for the Grabasa Assets, the Company has agreed to pay 3,700,000 Euros to the administrators of Grabasa and upon successful completion of the purchase the Company will pay 575,000 Euros to Eureka and Procana for their services.

Collectively, the Grabasa Assets are comprised (i) a 42,000 square metre processing facility for the cutting and polishing stone, with an annual production of approximately 250,000 square metres, located near Burguillos del Cerro, Spain (the “Facility”), and (ii) 23 stone mine licenses located with 20 kilometres of the Facility. The purchase price for the Grabasa Assets will be allocated as follows: (i) EUR 2,700,000 for the Facility and 22 stone mining licenses, and (ii) EUR 1,000,000 for stone mine license Grabasa I-B.

Under the terms of the agreement, the Company paid a deposit of 150,000 Euros in June 2016. The Company is in discussions with potential lenders in order to satisfy the balance of the purchase price for the Grabasa Assets.

On March 8, 2017 the deadline to make a 2,700,000 Euro payment to the Spanish court for the Grabasa assets was extended to April 24, 2017.

On March 23, 2017 the Company elected to not proceed with the financing from a European funding group due to discrepancies

discovered in the documentation by the Spanish courts. We are seeking other sources of financing to replace the European source.

Eureka Trading has filed an action against the Company in the Spanish Courts for nonpayment of EUR575,000 in fees associated with the Grabasa project. The Company vehemently denies that the fees are owed and will defend itself in court. The contract stipulates that the fees are only due upon "successful" completion of the purchase of Grabasa.

On May 26, 2017 the deadline to make the 2,700,000 Euro payment passed and the Spanish court terminated the offer by Fairmont for the Grabasa assets. Fairmont will appeal the ruling. Fairmont will continue to work toward acquiring the Grabasa assets.

Eureka Trading has filed an action against the Company in the Spanish Courts for nonpayment of EUR575,000 in fees associated with the Grabasa project. The Company vehemently denies that the fees are owed and will defend itself in court. The contract stipulates that the fees are only due upon "successful" completion of the purchase of Grabasa.

Buttercup Property (Quebec)

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

The Company issued 1,000,000 shares to acquire the property the Property. The Company 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 (settled by the issuance of 1,000,000 common shares at a price of $0.05 per share), and $100,000 on the commencement of commercial production. The first $3 million in net profits are to be split 80% to the Vendors and 20% to Fairmont, thereafter the net profits shall be split 95% to Fairmont and 5% to the 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)

In December 2015, Fairmont acquired a 100% interest in the 435 hectare Lac Bouchette Quartz Property pursuant to the terms of an agreement with two prospectors (the "Optionor"). Under the terms of the Agreement, Fairmont:

(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.

(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) paid $50,000 in shares of Fairmont on or before June 1, 2015 (issued 263,158 common shares at a price of $0.19 per share), and

(iv) paid $50,000 in shares of Fairmont on or before December 1, 2015 (issued 1,000,000 shares at a price of $0.05 per share).

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.

Forestville and Baie Comeau Properties (Quebec)

On January 21, 2015 the Company optioned a 100% interest in the Forestville and Baie Comeau Quartzite properties (the "Properties"). The Forestville Quartzite property is located 20 kilometres north-northwest of the town of Forestville, Quebec. The Baie Comeau Quartzite property is 8 kilometres northwest of Baie Comeau, Quebec, and partially crosses highway 389. The properties have been optioned for the purpose of testing the chemical and physical properties of the quartzite as a potential raw material for use in products such as: high purity glass, fibre optics, ferrosilicon and silica metal.

To acquire 100% of the Properties, the Company will:

i) pay to the Optionor 500,000 shares on the date of acceptance of the TSX Venture Exchange (the "Exchange Approval Date") (paid);
ii) pay $6,000 on the Exchange Approval Date;
iii) pay $100,000 in shares on or before January 21, 2016 (issued 2,000,000 shares at a price of $0.05 per share);
iv) pay $50,000 in shares on or before July 21, 2016 (issued 500,000 shares at a price of $0.19 per share on August 8, 2016); and
v) incur $60,000 of exploration expenditures on the Forestville Quartzite Property on or before December 31, 2015 (incurred).

The Optionee shall be responsible for keeping the Properties in good standing including the filing of required assessment work and completing regulatory work expenditures or making cash payments in lieu of work 120 days before required under the rules of the jurisdiction.

On March 20, 2017 the Company announced that it has signed a quartzite testing agreement with a European company to validate the chemical and thermal stability of Fairmont's Baie Comeau and Forestville Quartzite Projects, as well as to evaluate the commercial feasibility of a mining operation and logistics.

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, 2015, 2014 and 2013. 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, 2016	**Year ended October 31, 2015**	**Year ended October 31, 2014**
Total Revenue	–	–	–
Operating Expenses	$ (797,803)	$ (418,954)	$ (396,753)
Loss Before Other Items and Income Tax	(797,803)	(418,954)	(396,753)
Write-Off Exploration and Evaluation Assets	(4,380)	(59,874)	(876,856)
Interest Income	–	–	–
Future Income Tax Recovery	–	–	–
Other income on settlement of flow-through share premium liability	–	–	–
Net Loss	$ (802,183)	$ (478,828)	$ (1,273,609)
Basic and Diluted Loss Per Share	$ (0.3)	$ (0.03)	$ (0.10)

	As at October 31, 2016	**As at October 31, 2015**	**As at October 31, 2014**
Balance Sheet Data			
Total assets	$ 1,318,363	$ 621,142	$ 522,749
Total liabilities	768,016	398,073	83,282
Total equity	$ 550,347	$ 223,069	$ 439,467

Results of Operations

During the three months ended April 30, 2017, the Company incurred a net comprehensive loss before income taxes, interest and other income of $145,835 (2016 – $100,637). The expenses for the three months ended April 30, 2017 include the following items:

- Accounting and audit of $6,500 (2016 – $14,100).

- Management fees were $25,500 (2016 – $25,500).

- Investor relation were $18,750 (2016 - $18,750) which coincided with our efforts to bring more awareness to the projects that we are working on.

- Advertising and promotion was $19,214 (2016 - $6,674) which is an increase from the prior year due to increased work done by advertising contractors

- Legal fees were $43,138 (2016 - $8,445). Legal fees increased from the prior year's 3 month period due to costs associated with acquiring the Grabasa property in Spain.

During the six months ended April 30, 2017, the Company incurred a net comprehensive loss before income taxes, interest and other income of $324,990 (2016 – $161,238). The expenses for the six months ended April 30, 2017 include the following items:

- Financing fee of $61,406 (2016 – $nil) associated with acquiring financing for the Grabasa project.

- Accounting and audit of $23,870 (2016 – $20,600).

- Consulting $35,500 (2016 – $13,000). The consulting fees increased from the six months ended April 30, 2016 to the six months ended April 30, 2017 because of an increase in work done for the Company by outside contractors.

- Management fees were $51,000 (2016 – $51,000).

- Investor relation were $41,250 (2016 - $18,750) which coincided with our efforts to bring more awareness to the projects that we are working on.

- Advertising and promotion was $20,097 (2016 - $7,174) which also coincided with our efforts to bring more awareness to the projects that we are working on.

Legal fees were $46,789 (2016 - $8,445). Legal fees increased from the prior year's 3 month period due to costs associated with acquiring the Grabasa property in Spain and with defending the Company against a lawsuit launched in Spain.

Project Updates

Rome Lithium

The Rome Lithium property is located approximately 60 km north of Val d'Or Quebec and consists of 15 claims.

The property is contiguous to the north and south of North American Lithium's (Formerly RB Energy's) Quebec Lithium Mine with a published measured and indicated resources (at a 0.60% Li_2O cutoff) of 41,556,000 tonnes at 1.09% Li_2O, and an inferred resource of (at a 0.60% Li20 cutoff) of 17,766,000 million tonnes at 1.10% Li_2O (RB Energy Press Release of October 11, 2012).

The property is also contiguous to Jourdan Resources Vallee Lithium property that drilled more than 4000m of core in 2011 and intersected more 100 pegmatite and aplite dikes. Jourdan Resources intersected values of up to 1.187% Li_2O over 5.50m (Jourdan Resources Press Release of October 24, 2012).

No historical sampling or drilling data appears in public records for these claims. Jourdan Resources' and RB Energy's claims have had significant work including but not limited to drilling, sampling, metallurgy, and in the case of RB Energy production.

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.

A test blast was completed this spring. Potential customers have visited the site to assess logistics for crusher locations to complete custom crushing on site.

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 property called the Hearth Property. The Hearth Property contains the apparent strike extensions of the Buttercup 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 Property extend onto the Hearth Property, although at this time it is inconclusive if any economic mineralization continues onto the Hearth Property.

On October 31, 2014 the Company abandoned the Hearth mineral claims so that it could focus its resources on those properties that show more promising results. All capitalized costs were written-off as of October 31, 2016

Lac Bouchette

The past producing Lac Bouchette Mine, which Fairmont's Lac Bouchette Property surrounds, was in production as early as 1933. In Quebec Government updates on Silica Exploration, historic production of 62,000 tonnes at an average grade of 99.8% SiO2, 0.06% Al2O3, 0.03% Fe2O3, and nil TiO2 were reported. Quartz masses in granitic pegmatites and quartz lenses also constitute potential sources of silica in the Grenville geological Province. Quartz masses associated with granitic pegmatites, hydrothermal quartz veins or lodes injected in quartzites, marbles and granitic gneisses locally exhibit high silica grades ranging from 97.6% to 99.2% SiO2. The Lac Bouchette Mine was producing from a hydrothermal quartz vein, and was of higher purity than typical deposits in the region.
(Source : http://www.mern.gouv.qc.ca/mines/industrie/mineraux/mineraux-exploration-silice.jsp)

Forestville

The Grenville Province hosts numerous silica deposits associated with quartzites derived from metasedimentary assemblages. The Forestville Property contains this type of quartzite. These consist of pure to very pure quartzite horizons, where the average silica content ranges from 98.2% to 99.5% SiO2. Certain high purity quartzite horizons locally exhibit grades up to 99.7% SiO2. (http://www.mern.gouv.qc.ca/mines/industrie/mineraux/mineraux-exploration-silice.jsp). From the Sigeom database a total of 162 surface samples were collected from the Forestville Quartzite Property. These samples were dominantly collected in a north to south transect along the western portion of the claims covering more than 4 kilometres. The highest grade SiO2 sample listed in the Sigeom database of the Forestville claims is sample 1989027907 which assayed **99.91% SiO2.** Historical assay information was provided by the Quebec government through Sigeom Systèmed'information géominière du Québec.

During the six months ended April 30, 2017 drilling on the Forestville property was carried out to confirm the size and quality of the SiO2 deposits. Assay work has not yet been completed on the drilling. A total of 10 holes have now been completed below the surface outcrop where samples were collected and sent for industrial testing. Analysis by independent third party industrial users have confirmed the quartzite tested from Zone A on Fairmont's Forestville Quartzite Property (the "property') in Quebec is suitable for Ferro-Silicon. It should also be noted that testing to date on quartzite from the property would require additional upgrading for Metallurgical Silicon. .

Baie-Comeau

As is the case with the Forestville Property, the Baie-Comeau Property contains a quartzite derived from a metasedimentary package. Although chemically very similar to the Forestville property, the physical characteristics of the quartzite is quite different at Baie-Comeau. From the Sigeom database a total of 3 samples were found on the Baie-Comeau Quartzite Property. These samples occur within 300m of each other. The highest grade SiO_2 sample listed in the Sigeom database of the Baie-Comeau claims is sample 1906012870 which assayed 99.09% SiO_2. The site was visited by potential customers in the quartz countertop industry, and by producers of Silicon Metal and Ferro-Silica. On August 2, 2016, Fairmont announced that it had consolidated a historic resource of 12.3 million short tons (11.2 million tonnes) of 99.20% SiO_2, 0.41% Al_2O_3, and 0.36% Fe_2O_3 (from GM Report 39387, 1982, page 6) by staking. The two additional claims staked which contain the historic resource and are contiguous to the original Baie-Comeau Property

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.

On November 13, 2015 the Company abandoned its mineral claims of the Lac Elan Property so that it can focus its resources on those properties that show more promising results. All capitalized costs were written-off as of October 31, 2015.

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 April 30, 2017	Three Months Ended January 31, 2017	Three Months Ended October 31, 2017	Three Months Ended July 31, 2016
Total assets	1,413,635	$ 1,535,942	$ 1,318,363	1,217,857
Working capital (deficiency)	597,438	(568,848)	(524,528)	(487,655)
Shareholders' equity	582,902	652,325	550,347	671,264
Net loss	145,835	197,488	168,343	472,602
Loss per share	(0.00)	(0.01)	(0.01)	(0.02)

	Three Months Ended April 30, 2016	Three Months Ended January 31, 2016	Three Months Ended October 31, 2015	Three Months Ended July 31, 2015
Total assets	$ 821,319	$ 851,525	$621,142	$ 969,815
Working capital (deficiency)	(524,225)	(471,423)	(376,346)	(303,543)
Shareholders' equity	261,831	362,468	223,069	643,324
Net loss	100,637	60,601	130,255	81,803
Loss per share	(0.00)	(0.00)	(0.01)	(0.00)

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.

	April 30, 2017	October 31, 2016	October 31, 2015
Working capital (deficiency)	$ (597,438)	$ (524,528)	$ (376,346)
Deficit	$ (6,240,403)	$ (5,897,080)	$(5,094,897)

Net cash used in operating activities during the six months ended April 30, 2017, was $318,948 (2016 – $31,070). The increase in cash for the period was due to a loss of $343,323 (2016 – $161,238), and a decrease in accounts payable and accrued liabilities of $21,670 (2016 – 64,782 increase) and was offset primarily by an increase in due to related parties of $44,308 (2016 – $63,675).

Net cash provided by financing activities during the six months ended April 30, 2017, was $337,305 (2016 – $nil).

Net cash used in investing activities during the six months ended April 30, 2017, was 30,386 (2016 – $1,518). The net cash used included a recovery of $618 for a tax credit refund from the province of Quebec.

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 April 30, 2017, there was a balance of $10,594 (October 31, 2016 – $10,594), owed to a company controlled by two of the Company's directors, Michael Thompson and Neil Pettigrew.

At April 30, 2017 there was a balance of $214,389 (October 31, 2016 – $176,082), owed to a company controlled by one of the Company's directors, Michael Dehn.

At April 30, 2017, there was a balance of $18,000 (October 31, 2016 – $12,000), owed to one of the Company's directors, Greg Ball.

In the six months ended April 30, 2017, the following amounts were paid or accrued to related parties:

a) Paid or accrued $45,000 (2016 –$45,000) in management fees and $6,000 (2016 –$6,000) in administrative fees to a company controlled by Michael Dehn, CEO and president of the Company.

b) Paid or accrued $6,000 (2016 –$6,000) in management fees to Greg Ball, CFO and a director of the Company.

Changes in Accounting Policies

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

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.

Actual results could differ from these estimates.

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 April 30, 2017 or October 31, 2016.

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:

	April 30, 2017	October 31, 2016
Fair value through profit or loss (i)	$ 6,712	$ 18,741

Loans and receivables (ii)	4,450	2,584
Other financial liabilities (iii)	830,733	768,016

(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	$ 6,712	-	-	$ 6,712

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, 2016
IFRS 11, Joint arrangements
This standard was amended to provide specific guidance on accounting for the acquisition of an interesting in a joint operation that is a business.

IAS 16, Property, plant and equipment and IAS 38, Intangible assets
These standards were amended to prohibit the use of revenue-based depreciation methods for property, plant and equipment and limit the use of revenue-based amortization for intangible assets.

IAS 27, Separate financial statements and IFRS 1, First-time adoption of IFRS
IAS 27 was amended to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements

IFRS 1 was amended to permit the use of the business combinations exemption for investments in subsidiaries accounted for using the equity method in the separate financial statements of the first-time adopter.

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.

IFRS 15, Revenue from Contracts with Customers
IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

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

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at April 30, 2017.

Additional Disclosure for Venture Issuers without Significant Revenue

Please refer to Note 4 in the financial statements for the six months ended April 30, 2017 for a description of the capitalized exploration and development costs on the Buttercup, Lac Bouchette, Baie Commeau, Rome and Forestville properties. 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 six months ended April 30, 2017.

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	37,369,121
Stock options	1,815,000
Warrants	3,567,857

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.