FAIRMONT RESOURCES INC.

Consolidated financial statements

For the years ended
October 31, 2017 and 2016

Expressed in Canadian Dollars

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Fairmont Resources Inc.

We have audited the accompanying consolidated financial statements of Fairmont Resources Inc., which comprise the consolidated statements of financial position as at October 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity (deficiency) for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fairmont Resources Inc., as at October 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Fairmont Resources Inc.'s ability to continue as a going concern.

(signed) "DMCL"

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
February 27, 2018

FAIRMONT RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	October 31, 2017	October 31, 2016
ASSETS		
CURRENT		
Cash	$ 1,150	$ 18,741
Amounts receivable	591	2,584
Grabasa deposit (Note 9)	–	217,163
Prepaid expenses	–	5,000
TOTAL CURRENT ASSETS	1,741	243,488
Exploration and evaluation assets (Note 4)	817,526	1,074,875
TOTAL ASSETS	$ 819,267	$ 1,318,363
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 729,041	$ 569,340
Success fee liability (Note 10)	863,305	–
Amounts due to related parties (Note 6)	316,932	198,676
TOTAL CURRENT LIABILITIES	1,909,278	768,016
SHAREHOLDERS' EQUITY(DEFICIENCY)		
Share capital (Note 5)	5,732,582	5,323,002
Equity reserves (Note 5)	1,133,998	1,130,425
Share Subscription receivable	(6,000)	(6,000)
Deficit	(7,950,591)	(5,897,080)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)	(1,090,011)	550,347
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	$ 819,267	$ 1,318,363

Nature and continuance of operations (Note 1)

Approved on behalf of the Board February 27, 2018:

"Harvey McKenzie" — Director

"Michael Lerner" — Director

The accompanying notes are an integral part of these consolidated financial statements

FAIRMONT RESOURCES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Year ended October 31,	
	2017	**2016**
EXPENSES		
Administration	$ 41,676	$ 38,000
Advertising and promotion (Note 5)	5,399	82,018
Audit and accounting	54,870	41,600
Consulting	48,500	72,500
Part XII.6 tax (Note 13)	34,650	–
Investor Relations	67,500	63,032
Legal	221,375	17,383
Management	102,000	102,000
Success fee (Note 10)	846,343	–
Office and miscellaneous	39,899	24,427
Registration and transfer fees	17,688	18,071
Share-based payments	3,573	338,772
Impairment of exploration and evaluation assets (Note 4)	352,875	4,380
Impairment of Grabasa deposit (Note 9)	217,163	–
Loss and comprehensive loss for the year	$ (2,053,511)	$ (802,183)
Loss per share, basic and diluted	$ (0.07)	$ (0.03)

The accompanying notes are an integral part of these consolidated financial statements

FAIRMONT RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	Year ended October 31, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (2,053,511)	$ (802,183)
Adjustments		
Share-based payments	3,573	338,772
Impairment of Grabasa deposit	217,163	–
Impairment of exploration and evaluation assets	352,875	–
Gain on settlement of debt	(36,725)	–
Changes in non-cash working capital items		
Amounts receivable	1,993	(1,610)
Prepaid expenses	5,000	1,198
Accounts payable and accrued liabilities	216,201	333,899
Success fee liability	863,305	–
Due to related parties	118,256	109,188
Net cash used in operating activities	(311,870)	16,356
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares	339,000	474,000
Share issuance cost	(1,695)	(28,311)
Net cash from financing activities	337,305	445,689
CASH FLOWS USED IN INVESTING ACTIVITIES		
Grabasa deposit	–	(217,163)
Exploration and evaluation asset expenditures, net	(43,026)	(255,819)
Quebec mineral tax credit received	–	47,835
Net cash used in investing activities	(43,026)	(425,147)
Change in cash during the year	(17,591)	4,186
Cash, beginning of the year	18,741	14,555
Cash, end of the year	$ 1,150	$ 18,741

SUPPLEMENTAL INFORMATION

	2017	2016
NON CASH TRANSACTIONS		
Shares issued for exploration and evaluation assets (Note 5)	$ 52,500	$ 284,706
Exploration and evaluation assets included in accounts payable and accrued liabilities	$ 56,500	$ 48,487

The accompanying notes are an integral part of these consolidated financial statements

FAIRMONT RESOURCES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY (DEFICIENCY)

FOR THE YEAR ENDED OCTOBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscription receivable	Equity Reserves	Deficit	Total Equity
Balance at October 31, 2015	18,692,147	$ 4,560,697	$ –	$ 757,269	$ (5,094,897)	$ 223,069
Shares issued for exploration and evaluation assets	4,794,117	345,000	–	–	–	345,000
Shares issued for cash	8,000,000	480,000	(6,000)	–	–	474,000
Share issuance costs	–	(62,695)	–	34,384	–	(28,311)
Stock-based compensation	–	–	–	338,772	–	338,772
Loss for the year	–	–	–	–	(802,183)	802,183)
Balance at October 31, 2016	31,486,264	5,323,002	(6,000)	1,130,425	(5,897,080)	550,347
Shares issued for exploration and evaluation assets	1,000,000	52,500	–	–	–	52,500
Shares issued for cash	3,567,857	264,000	–	–	–	264,000
Share issuance costs	–	(1,695)	–	–	–	(1,695)
Shares issued on exercise of warrants	750,000	75,000	–	–	–	75,000
Shares issued on settlement of debt	565,000	19,775	–	–	–	19,775
Share-based payments	–	–	–	3,573	–	3,573
Loss for the year	–	–	–	–	(2,053,511)	(2,053,511)
Balance at October 31, 2017	37,369,121	$ 5,732,582	$ (6,000)	$ 1,133,998	$ (7,950,591)	$ (1,090,011)

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Fairmont Resources Inc. (the "Company") was incorporated on May 25, 2007 under the British Columbia Business Corporations Act. The Company's head office address is Suite 820 – 1130 West Pender Street, Vancouver, BC V6E 4A4, Canada. The registered and records office address is Suite 820 – 1130 west Pender Street, Vancouver, BC V6E 4A4, Canada. The Company is listed on the TSX Venture Exchange under the symbol "FMR". The Company is primarily engaged in the acquisition, exploration and development of mineral properties. At October 31, 2017, the Company had not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets 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 exploration and evaluation assets or proceeds from the disposition of the exploration and evaluation asset.

At October 31, 2017, the Company had an accumulated deficit of $7,950,591, a deficiency in shareholders' equity of $1,090,011, and a working capital deficiency of $1,907,537. The Company expects to incur further losses, and require additional equity financing, in the development of its business and to meet its obligations. While the Company has been successful at raising additional equity financing in the past, there is no guarantee that it will continue to do so in the future, which casts significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of presentation

These consolidated financial statements have been prepared in accordance 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").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Statement of compliance and basis of presentation (continued)

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

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

b) Use of estimates

The preparation of consolidated 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 consolidated 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 deferred tax valuation allowance.

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 assets / liabilities; and

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

c) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Exploration and evaluation assets (continued)

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.

d) 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 substantively 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 purposes. 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 substantively 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.

e) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Impairment (continued)

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. 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.

f) 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, 2017 and October 31, 2016.

g) Share-based payments

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. Compensation 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.

h) 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 and warrants has not been included in this calculation as it would be anti-dilutive.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) 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.

j) 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.

k) 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 amounts receivable 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 less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost 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 and accrued liabilities and due to related parties, which are classified as other financial liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

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 been recognized.

3. FUTURE ACCOUNTING STANDARDS

New standards, interpretations and amendments not yet effective

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 de-recognition 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 Company has initially assessed that there will be no material reporting changes as a result of adopting the above new standards.

4. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets

Title to exploration and evaluation asset interests involve certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its interests are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Buttercup Property (Quebec)

On January 28, 2014 the Company entered into a purchase agreement 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:

(i) pay $50,000 (paid) to certain suppliers of the vendor;
(ii) issue a total of 1,000,000 common shares (issued at a value of $50,000); and
(iii) pay a total of $150,000.

The $150,000 payment is to be paid in an installment of $50,000 within 60 days of receiving final permits to commence commercial production on the property (paid) and $100,000 to be paid on commencement of commercial production. 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%. The Company also issued 100,000 common shares in the capital stock of the Company (issued at a value of $5,000) as a finder's fee for the property.

Lac Bouchette Property (Quebec)

On October 24, 2014, the Company entered into an agreement to earn a 100% interest in certain mineral claims known as the Lac Bouchette property in the province of Quebec. Under the terms of the option agreement, the Company will be required to make the following payments in order to exercise its option:

(i) $50,000 (of which $25,000 may be settled in shares of the Company) 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) $50,000 on or before December 31, 2014 (issued 344,827 shares at a price of $0.155 per share);

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

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

The optionor will also receive a $2 per tonne royalty for all ore currently stockpiled on the Lac Bouchette Quartz Property and a 2% production royalty for any new mined ore.

During the year ended October 31, 2017, the Company determined there were indicators of impairment due to no substantive exploration and evaluation expenditures planned on the property. An impairment of $205,375 was recognized in the statement of loss.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Forestville – Baie Comeau Property (Quebec)

On January 21, 2015 the Company entered into an option agreement to acquire a 100% interest in the Forestville Quartzite and Baie Comeau Quartzite properties (the "Properties") which are located near the town of Forestville and city of Baie Comeau, Quebec, respectively

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 (paid),
iii) pay $100,000 in shares on or before January 21, 2016, (on November 29, 2015, 2,000,000 shares were issued at a price of $0.05 per share)
iv) pay $50,000 in shares on or before July 21, 2016, (issued August 8, 2016) and
v) incur $60,000 of exploration expenditures on the Forestville Quartzite Property on or before December 31, 2015 (incurred).

The Company is 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. Also, the Company will pay a 2% production royalty in connection with the sale of produced minerals on the Properties, and may repurchase the royalty at a price equal to $0.25 per tonne.

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.

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, the Company will issue to the Optionor 500,000 shares (issued at $0.19 per share) and will pay the Optionor $25,000 (paid).

In order to exercise the balance of the option, the Company will be required to:
(i) issue 500,000 shares on or before December 10, 2016 (issued at $0.07 per share);
(ii) issue 500,000 shares on or before May 26, 2017(issued at $0.05 per share)(Note 5); and
(iii) incur $50,000 of exploration expenditures before May 26, 2017,
(iv) incur an additional $100,000 before May 26, 2019.

The Property will be subject to a 2% Production Royalty per tonne. The Company may purchase one half of the Production Royalty (1%) for $1,000,000 at any time. On June 14, 2016 the company issued 500,000 shares at $0.19 per share as the first payment for the Rome Lithium property.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Rome Lithium Property (Quebec) (continued)

On June 22, 2017, the Company signed a Right of First Refusal (ROFR) contract with Jourdan Resources Inc. ("Jourdan") for the Rome Lithium property. Jourdan is a related party due to a common director. The terms of the ROFR required an initial $25,000 refundable payment to the Company. Should the Company not find a better offer within 30 days of signing the ROFR, Jourdan would have paid an additional $25,000 cash and issued the Company an additional 1,500,000 shares. The Company would have also received a 2% Net Smelter Royalty. On August 9, 2017, the ROFR was exercised, and the Company agreed to sell the property to Jourdan, subject to approval from the exchange.

As at October 31, 2017 and currently to date, the remaining amounts under the option agreement had not been received.

During the year ended October 31, 2017, the Company determined there were indicators of impairment due to the payments under the option agreement not being received, and no substantive exploration and evaluation expenditures planned on the property. An impairment of $147,500 was recognized in the statement of loss.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Total exploration and evaluation assets

The following acquisition and deferred exploration costs were incurred on the Company's exploration and evaluation assets:

	Rome Lithium	Buttercup	Lac Bouchette
Acquisition costs, October 31, 2016	$ 120,000	$ 158,567	$ 205,375
Additions during the period	52,500	-	–
ROFR payment	(25,000)	–	–
Impairment	(147,500)		(205,375)
Acquisition costs, October 31, 2017	–	158,567	–
Deferred exploration costs, October 31, 2016	–	131,844	–
Additions during the period	–	14,227	–
Deferred exploration cost October 31, 2017	–	146,071	–
Total exploration and evaluation assets, October 31, 2017	$ –	$ 304,638	$ –

	Forestville	Baie Comeau	**Total**
Acquisition costs, October 31, 2016	$ 209,526	$ 61,405	$ 754,873
Additions during the Period	–	–	52,500
ROFR payment	–	–	(25,000)
Impairment	–	–	(352,875)
Acquisition costs, October 31, 2017	209,526	61,405	429,498
Deferred exploration costs, October 31, 2016	188,158	–	320,002
Quebec Tax Credit	(619)	–	(619)
Additions during the year	54,418	–	68,645
Deferred exploration costs, October 31, 2017	241,957	–	388,028
Total exploration and evaluation assets, October 31, 2017	$ 451,483	$ 61,405	$817,526

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Total exploration and evaluation assets (continued)

	Rome Lithium	Buttercup	Hearth
Acquisition costs, October 31, 2015	$ –	$ 107,672	$ 4,380
Additions during the year	120,000	50,895	–
Impairment	–	–	(4,380)
Acquisition costs, October 31, 2016	120,000	158,567	–
Deferred exploration costs, October 31, 2015	–	131,844	–
Additions during the year	–	–	–
Deferred exploration cost October 31, 2016	–	131,844	–
Total exploration and evaluation assets, October 31, 2016	$ 120,000	$ 290,411	$ –

	Lac Bouchette	Forestville	Baie Comeau	**Total**
Acquisition costs, October 31, 2015	$ 152,097	$ 59,526	$ 21,474	$ 345,149
Additions during the year	53,278	150,000	39,931	414,104
Impairment	–	–	–	(4,380)
Acquisition costs, October 31, 2016	205,375	209,526	61,405	754,873
Deferred exploration costs, October 31, 2015	–	109,167	13,255	254,266
Quebec Tax Credit	–	(47,835)	–	(47,835)
Additions (recovery) during the year	–	126,826	(13,255)	113,571
Deferred exploration costs, October 31, 2016	–	188,158	–	320,002
Total exploration and evaluation assets, October 31, 2016	$ 205,375	$ 397,684	$ 61,405	$ 1,074,875

5. SHARE CAPITAL

The authorized share capital consists of an unlimited number of common shares without par value.

Share issuances

Year ended October 31, 2017

On December 12, 2016 the Company issued a total of 500,000 common shares at a price of $0.07 as payment on the Rome property (Note 4).

5. SHARE CAPITAL (continued)

Year ended October 31, 2017 (continued)

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. The premium paid on the flow through shares was determined to be immaterial.

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 March 2, 2017 the Company issued a total of 575,000 common shares at a price of $0.10 on exercise of 575,000 warrants.

On March 24, 2017 the Company issued a total of 175,000 common shares at a price of $0.10 on exercise of 175,000 warrants.

On June 13, 2017, the Company issued a total of 500,000 common shares at a price of $0.035 under the option agreement to purchase a 100% interest in the Rome lithium property (Note 4).

On June 13, 2017, the Company issued a total of 565,000 common shares with a fair value of $19,775 as payment on debt of $56,500 owed to a vendor. The resulting gain of $36,725 was recorded as a reduction to advertising and promotion where the original expense had been booked.

Year ended October 31, 2016

On November 29, 2015 the Company issued a total of 2,000,000 common shares at a price of $0.05 as the second payment for a 100% interest in the Forestville and Baie Comeau properties (Note 4).

On December 29, 2015 the Company issued a total of 1,000,000 common shares at a price of $0.05 as the final payment for a 100% interest in the Lac Bouchette property (Note 4).

On December 29, 2015 the Company issued a total of 1,000,000 common shares at a price of $0.05 as partial payment for a 100% interest in the Buttercup property (Note 4).

On June 8, 2016 the Company issued a total of 1,580,000 Units at a price of $0.06 for gross proceeds of $94,800.

On June 14, 2016 the Company issued a total of 6,420,000 Units at a price of $0.06 for gross proceeds of $385,200. 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.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)
Year ended October 31, 2016 (continued)

On June 14, 2016, the Company issued a total of 500,000 shares at a price of $0.19 as payment on the Rome lithium property. (Note 4)

On August 8, 2016, the Company issued a total of 294,117 shares at a price of $0.17 as final payment on the Forestville and Baie Comeau properties. (Note 4)

Stock options

The Company has a rolling stock option plan under which it 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.

The following table summarizes the stock option activity:

	Number of Stock Options	Weighted Average Exercise Price
Balance at October 31, 2015	1,287,500	0.33
Expired	(12,500)	1.24
Granted	1,815,000	0.18
Balance at October 31, 2016	3,090,000	$ 0.24
Expired	(1,275,000)	0.33
Balance at October 31, 2017	1,815,000	$ 0.18
Exercisable at October 31, 2017	1,815,000	$ 0.18

As at October 31, 2017, the following incentive stock options are outstanding:

Number of Stock Options	Exercise Price	Expiry Date
950,000	0.18	June 16, 2021
865,000	0.18	June 16, 2018
1,815,000		

Share-based payments

In the year ended October 31, 2017 the Company expensed $3,573 (2016 – $338,772) in share-based payments. The fair value of the stock options issued during the year ended October 31, 2016 was calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	October 31, 2016
Exercise Price	$0.18
Expected life	3.57 years
Annualized Volatility	200.8%
Expected Dividend yield	0%
Risk-free interest rate	0.53%

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

Warrants

The following table summarizes the warrants and agent warrants activity.

	Number of Warrants	Weighted Average Exercise Price
Balance at October 31, 2015	–	$ –
Issued	4,302,400	0.10
Balance at October 31, 2016	4,302,400	0.10
Issued December 30, 2016	3,567,857	0.15
Expired	(3,552,400)	0.10
Exercised	(750,000)	0.10
Balance at October 31, 2017	3,567,857	$ 0.15

As at October 31, 2017 the following warrants are outstanding:

Number of Warrants	Exercise Price	Expiry Date
3,567,857	0.15	December 30, 2018

6. RELATED PARTY TRANSACTIONS

In the year ended October 31, 2017 and 2016 the following amounts were paid or accrued to related parties:

a) Paid or accrued $90,000 (2016 – $90,000) in management fees and $12,000 (2016 – $12,000) in administrative fees to a company controlled by the CEO and president of the Company. The company also accrued $14,736 (2016 - $16,269) in interest to this company.

b) Paid or accrued $12,000 (2016 – $12,000) in management fees to a director of the Company.

At October 31, 2017, the following amounts were outstanding to related parties:

a) $272,805 (October 31, 2016 – $176,082) in due to related parties was outstanding to a company controlled by a director of the Company. The amounts owing are unsecured, bear interest at 2% per month and have no stated payment date.

b) $24,000 (October 31, 2016 – $12,000) in due to related parties was outstanding to a director of the Company. The amounts owing are unsecured, non-interest bearing and have no stated payment date.

c) $10,594 (October 31, 2016 – $10,594) in due to related parties was outstanding to a company controlled by two directors of the Company. The amounts owing are unsecured, non-interest bearing and have no stated payment date.

d) $9,533 (October 31, 2016 - $nil) in accrued liabilities was outstanding to the CEO and director of the Company. The amounts owing are unsecured, non-interest bearing and have no stated payment date.

On June 22, 2017, the Company signed a Right of First Refusal contract with Jourdan for the Rome Lithium property (note 4).

7. CAPITAL MANAGEMENT

The Company considers its capital to be a component of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through debt and equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

8. FINANCIAL INSTRUMENTS

a) Fair Value

The Company's financial instruments consist of cash, amounts receivable, 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:

	2017	2016
Loans and receivables (i)	$ 1,741	$ 21,325
Other financial liabilities (ii)	1,909,278	768,016

(i) Cash and amounts receivable
(ii) Accounts payable and accrued liabilities, and amounts due to related parties

b) 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 risk consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

c) 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.

8. FINANCIAL INSTRUMENTS (continued)

d) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Company, has exposure to foreign exchange risk as the success fee liability (note 10) is denominated in Euros.

e) Interest Rate Risk

The Company is not exposed to significant interest rate risk.

f) 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.

9. GRABASA DEPOSIT

In June 2016, the Company placed a deposit of $217,163 (€150,000) on the assets of Granitos de Badajoz S.A. (Grabasa) in Extremadura region of Spain. The total purchase price of the property was €3,700,000.

Due to the inability to find suitable financing, the Spanish courts terminated the offer by the Company for the Grabasa assets on May 26, 2017. As a result the €150,000 deposit on the property was forfeited.

(Expressed in Canadian Dollars)

10. SUCCESS FEE LIABILITY

In connection with the Grabasa purchase, the Company signed a success fee agreement with a Spanish company, Eureka Trading, whereby Eureka would assist in the negotiation of the unsuccessful acquisition of certain assets in Spain belonging to Granitos de Badajoz, S.A.. On June 30, 2017, the courts in Spain ordered a success fee of €575,000 ($863,305) in favor of Eureka Trading. On November 20, 2017, the matter was transferred to a Court in Ontario to enforce the ruling of the Spanish Court.

Management continue to seek relief from this judgement, however, the likelihood of success of this action cannot be determined. This amount has been accrued in the statement of financial position as at October 31, 2017.

11. SEGMENT INFORMATION

The Company conducts all of its business activities in Canada, in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2017	2016
Loss for the year	$ (2,053,511)	$ (802,183)
Expected income tax (recovery)	$ (534,000)	$ (209,000)
Change in statutory rates and other	-	12,000
Permanent Difference	2,000	88,000
Share issue cost	7,000	8,000
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	63,000	–
Change in unrecognized deductible temporary differences	462,000	101,000
Total income tax expense (recovery)	$ –	$ –

The significant components of the Company’s deferred tax assets and liabilities are as follows:

	2017	2016
Deferred Tax Assets (Liabilities)		
Exploration and evaluation assets	$ 110,000	$ 116,000
Share issue costs	-	11,000
Non-capital losses	1,423,000	944,000
Unrecognized deferred tax assets	(1,533,000)	(1,071,000)
Net deferred income tax assets	$ –	$ –

The Company has non-capital losses for Canadian income tax purposes of approximately $5,474,000 which may be carried forward and applied against taxable income in the future. These losses, if not utilized, will expire starting in 2029 through 2037.

13. COMMITMENTS

During the year ended October 31, 2017, the Company renounced $102,600 under the look-back rule. As at October 31, 2017, the Company has accrued $34,650 in part XII.6 taxes related to this renunciation (2016: $nil), and is committed to spending approximately $102,600 by December 31, 2017 in connection with its flow through offerings (2016: $nil).