FAIRMONT RESOURCES INC.

Condensed consolidated interim financial statements

For the three and nine months ended
July 31, 2018 and 2017

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED JULY 31, 2018

The accompanying unaudited condensed consolidated interim financial statements of Fairmont Resources Inc. (the "Company") for the period ended July 31, 2018, have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of the condensed interim statements by an entity's auditor.

FAIRMONT RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

	July 31, 2018 (Unaudited)	**October 31, 2017**
ASSETS		
CURRENT		
Cash	$ 11,142	$ 1,150
Marketable securities (Note 4)	135,000	–
Amounts receivable	–	591
TOTAL CURRENT ASSETS	146,142	1,741
Exploration and evaluation assets (Note 4)	807,622	817,526
TOTAL ASSETS	$ 953,764	$ 819,267
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 674,559	$ 729,041
Success fee liability (Note 11)	874,518	863,305
Due to related parties (Note 6)	446,461	316,932
TOTAL CURRENT LIABILITIES	1,995,538	1,909,278
SHAREHOLDERS' (DEFICIT) EQUITY		
Share capital (Note 5)	5,732,582	5,732,582
Equity reserves	1,133,998	1,133,998
Share Subscription receivable	(6,000)	(6,000)
Deficit	(7,902,354)	(7,950,591)
TOTAL SHAREHOLDERS' (DEFICIT) EQUITY	(1,041,774)	(1,090,011)
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY	$ 953,764	$ 819,267

Nature and continuance of operations (Note 1)

Approved on behalf of the Board September 27, 2018:

"Harvey McKenzie" — Director

"Michael Lerner" — Director

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

FAIRMONT RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)

	Three months ended July 31		Nine months ended July 31	
	2018	2017	2018	2017
EXPENSES				
Administration	$3,000	$12,977	$16,667	$31,977
Registration, transfer fees and promotion	226	3,721	8,221	55,637
Audit and accounting	15,000	9,500	33,667	33,370
Financing fees	–	–	–	61,406
Investor Relations	–	15,000	2,167	56,250
Legal	24,837	27,328	25,212	74,117
Management and consulting (Note 6)	30,000	32,000	92,667	118,500
Office and miscellaneous	65	3,821	132	12,862
Unrealized foreign exchange gain (loss)	(17,077)	592	11,040	570
Success fee	–	846,343	–	846,343
Write off of expenses (Note 8)	–	–	(78,010)	–
Share-based payments	–	–	–	3,573
Operating expenses	(56,051)	(951,282)	(111,763)	(1,294,605)
Marketable securities – FMV movement (Note 4)	15,000	–	15,000	–
Loss on sale of Grabasa deposit	–	(217,163)	–	(217,163)
Gain on sale of debt	–	36,725	–	36,725
Gain on sale of property (Note 4)	145,000	–	145,000	–
Comprehensive income (loss) for the period	103,949	(1,131,720)	48,237	(1,475,043)
INCOME/(LOSS) PER SHARE, basic and diluted	$0.00	($0.03)	$0.00	($0.04)
Weighted average number of shares outstanding	37,369,121	36,434,673	37,369,121	35,119,877

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

FAIRMONT RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(unaudited)

(Expressed in Canadian Dollars)

	Nine months ended July 31,	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income /(loss)	$ 48,237	$ (1,475,043)
Adjustments		
Share-based payments	–	3,573
Changes in non-cash working capital items		
Amounts receivable	2,851	(6,041)
Prepaid expenses	–	2,561
Accounts payable and accrued liabilities	(33,093)	79,333
Loss on sale of Gabrasa deposit	–	217,163
Success fee liability	–	846,343
Due to related parties	117,093	77,618
Net cash used in operating activities	135,088	(254,493)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares	–	357,080
Share issuance cost	–	–
Net cash from financing activities	–	357,980
CASH FLOWS USED IN INVESTING ACTIVITIES		
Marketable securities	(135,000)	–
Exploration and evaluation asset expenditures	(1,419)	(117,166)
Cancellation of an amount due to supplier	11,323	–
Quebec mineral tax credit received	–	618
Net cash used in investing activities	(125,096)	(116,548)
Change in cash during the year	9,992	(13,961)
Cash, beginning of the year	1,150	18,741
Cash, end of the period	$ 11,142	$ 4,780

SUPPLEMENTAL INFORMATION

NON-CASH TRANSACTIONS		
Shares issued for exploration and evaluation assets (Note 5)	$ –	$ 52,500
Exploration and evaluation assets included in accounts payable and accrued liabilities	$ –	$ 71,083

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

FAIRMONT RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(unaudited)
FOR THE NINE MONTHS ENDED JULY 31, 2018 AND 2017

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscription receivable	Equity Reserves	Deficit	Total Equity
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	4,317,857	339,000	–	–	–	339,000
Share issuance costs	–	(1,695)		–	–	(1,695)
Share-based payments	–	–	–	3,573	–	3,573
Shares issued on settlement of debt	565,000	19,775	–	–	–	19,775
Loss for the period	–	–	–	–	(1,475,043)	(1,475,043)
Balance at July 31, 2017	$ 37,369,121	$ 5,732,582	$ (6,000)	$ 1,133,998	$ (7,372,123)	$ (511,543)
Loss for the period	–	–	–	–	(578,468)	(578,468)
Balance at October 31, 2017	37,369,121	5,732,582	(6,000)	1,133,998	(7,950,591)	(1,090,011)
Income (Loss) for the period	–	–	–	–	48,237	48,237
Balance at July 31, 2018	37,369,121	$ 5,732,582	$ (6,000)	$ 1,133,998	$ (7,902,354)	$ 1,041,774

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

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Fairmont Resources Inc. (the "Company") was incorporated on May 25, 2007 under the British Columbia Business Corporations Act as Strike Explorations Corp. On April 23, 2009, the Company changed its name to Fairmont Resources Inc. 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 704 – 595 Howe Street, Vancouver, BC V6C 2T5, 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 exploration and evaluation assets.

These unaudited condensed interim financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. At July 31, 2018, 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 July 31, 2018, the Company had an accumulated deficit of $7,902,354 (October 31, 2017 - $7,950,591) which has been funded by the issuance of equity. The Company expects to incur further losses in the development of its business, all of which cast 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 condensed consolidated interim 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 condensed consolidated interim financial statements.

	July 31, 2018	October 31, 2017
Working capital (deficiency)	$ (1,849,396)	$ (1,907,537)
Deficit	$ (7,902,354)	$ (7,950,591)

In association with the Grabasa acquisition, a Spanish Company, Eureka Trading, filed an action against the Company in the courts of Spain seeking payment of an alleged success fee. The courts of Spain ordered a payment from the Company in the amount of € 575. As such, the Company has accrued € 575,000 ($874,518 CDN) in success fees. (Note 10).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of presentation

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of presentation

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of September 27, 2018, the date the Board of Directors approved the statements. Other than changes in accounting policies discussed below, the same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended October 31, 2017. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended October 31, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements

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

a) Changes in accounting policies

There were no changes in accounting policies for the nine months ended July 31, 2018.

3. ADOPTED AND FUTURE ACCOUNTING STANDARDS

New standards, interpretations and amendments not yet effective

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; however, enhanced disclosure requirements are expected.

IFRS 16 – Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019.

IFRS 2 – Share based payments. In June 2016, the IASB issued amendments to IFRS 2, which clarify how to classify and measure certain type of share-based payment transactions. These amendments are effective for annual periods beginning on or after January 1, 2018 and can be applied prospectively. The Company has not yet determined the impact of IFRS 2 on its financial statements.

3. ADOPTED AND FUTURE ACCOUNTING STANDARDS (Continued)

IFRS 23 – Uncertainty over Income tax treatments. This interpretation clarifies how to apply the measurement and recognition requirements in IAS 12, Income taxes when there is uncertainty over income tax treatments. In such a circumstance, the Company shall recognize and measure its current or deferred tax asset or liability applying the requirements of IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this interpretation. This interpretation is effective for annual periods beginning on or after January 1, 2019. The Company has not yet determined the impact of this interpretation on the financial statements.

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.

Buttercup Property (Quebec)

On January 28, 2014 the Company entered into a purchase agreement with an arm's length party (the "Vendor") to earn a 100% interest in certain mineral claims known as the Buttercup property in the province of Quebec. To acquire the 100% interest, the Company agreed to:

(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 to the Vendor.

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 and $100,000 to be paid on commencement of commercial production. Further the net profits from production will be split 80% to the Vendor and 20% to the Company until the Vendor has received a total payment of $3,000,000. Thereafter the Vendor will receive 5% of the net profits and the Company will receive 95%. 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.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Lac Bouchette Property (Quebec)

On October 24, 2014, the Company entered into an agreement with an arm's length party (the "Optionor") 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 to the Vendors 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 during the year ended October 31, 2017.

Forestville – Baie Comeau Property (Quebec)

On January 21, 2015 the Company acquired 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 various products such as: high purity glass, fibre optics, countertops, 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 (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).

4. EXPLORATION AND EVALUATION ASSETS (continued)

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, 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:

(i) issue 500,000 shares on or before December 10, 2016 (issued);
(ii) issue 500,000 shares on or before May 26, 2017(issued), (Note 12); 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 Optionee may purchase one half of the Production Royalty (1%) for one million dollars (Canadian) 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.

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.

By July 22, 2017, no third party had presented a better offer on the property. On August 9, 2017 the Company agreed to sell the property to Jourdan Resources, subject to approval from the exchange. (Note 12).

In June 2017, the Company received the initial deposit of $25,000 from Jourdan Resources Inc. On July 15, 2018, the Company received remaining $25,000 and was issued 1,500,000 shares of Jourdan Resources Inc.

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)

	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	–
Additions during the period	–	1,419	–
Impairment	–	–	–
Acquisition costs, July 31, 2018	–	159,986	–
Deferred exploration costs, October 31, 2016	–	131,844	–
Additions during the period	–	14,227	–
Deferred exploration costs, October 31, 2017	–	146,071	–
Additions during the period	–	–	–
Deferred exploration costs, July 31, 2018	–	146,071	–
Total exploration and evaluation assets	–	306,057	–

	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
Additions during the period	–	–	1,419
Cancellation of an amount due to supplier	(11,323)	–	(11,323)
Acquisition costs, July 31, 2018	198,203	61,405	419,594
Deferred exploration costs, October 31, 2016	188,158	–	320,002
Quebec tax credit	(619)	–	(619)
Additions during the period	54,418	–	68,645
Deferred exploration costs, October 31, 2017	241,957	–	388,028
Additions during the period	–	–	–
Deferred exploration costs, July 31, 2018	241,957	–	388,028
Total exploration and evaluation assets	440,160	61,405	807,622

5. SHARE CAPITAL

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

Share issuances

Nine months ended July 31, 2018

There were no share issuances during the first three quarters of 2018.

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).

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 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 $0.05 as payment on the Rome lithium property. (note 4)

On June 13, 2017, the Company issued a total of 565,000 common shares at a deemed price of $0.10 as payment on debt of $56,500 owed to a vendor.

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.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

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 (the "Warrant Term"). Fairmont may accelerate the Warrant Term for the outstanding but unexercised Warrants such that the Warrant Term shall expire 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.

Share issuance costs associated with the June 8 and June 14 issuances were $54,717.

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
Expired	865,000	0.18
Exercisable at July 31, 2018	950,000	$ 0.18

As at July 31, 2018, the following incentive stock options are outstanding:

Number of Stock Options	Exercise Price	Expiry Date
950,000	0.18	June 16, 2021
950,000		

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

Share-based payments

In the nine months ended July 31, 2018, the Company expensed $nil (2017 – $3,573) in share-based payments.

Warrants

The following table summarizes the warrants and agent warrants activity (Note 11).

	Number of Warrants	Weighted Average Exercise Price
Balance at October 31, 2016	4,302,400	0.10
Issued December 30, 2016	3,567,857	0.15
Expired	(3,552,400)	0.15
Exercised	(750,000)	0.10
Balance at October 31, 2017	3,567,857	$0.15
Expired	–	–
Balance at July 31, 2018	3,567,857	$ 0.15

As at July 31, 2018 the following warrants are outstanding:

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

6. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. In accordance with International Accounting Standards 24 - Related Party Disclosure, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and nonexecutive) of the Company.

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

The Company entered into the following transactions with related parties:

The President and Chief Executive Officer, Mr. Michael Lerner, (“CEO”) of the Company is the President of 1820546 Ontario Inc. (‘1820546 Inc.”), (and by extension the CEO and President) has a contract with the Company. Fees and outstanding amounts due to 1820546 Ontario Inc. relating to management fees consulting services as expensed are detailed in the table below.

The Chief Financial Officer, Mr. Balu Gopalakrishnan, (“CFO”) of the Company is the president of Campus Alliance Inc., has a service contract with the Company and is entitled to fees based on this contract relating to accounting services in the normal course of business. These fees are expensed as accounting fees in the general and administrative expenses. The table below details the fees and amounts due to Campus Alliance Inc.

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS (continued)

Related Party Fees	**3 months ended Jul. 31, 2018**	**3 months ended Jul. 31, 2017**	**9 months ended Jul. 31, 2018**	**9 months ended Jul. 31, 2017**
1820546. (M. Lerner) management fees	$ 30,000	$ -	$ 80,000	$ -
1820546. (M. Lerner) administrative fees	3,000	-	8,000	-
Michael Dehn (Ex-CEO)	-	29,215	-	87,522
Greg Ball (Ex-CFO)	-	3,000	4,000	9,000
Campus Alliance Inc.-Balu Gopalakrishnan	15,000	-	25,000	-
Total related party transactions	**$ 48,000**	**$ 32,215**	**$ 117,000**	**$ 96,522**

Related party payables	**As at Jul 31, 2018**	**As at Oct. 31, 2017**
1820546. (M. Lerner) (All fees and expenses)	$ 100,444	$ -
Campus Alliance Inc.- (Balu Gopalakrishnan)	25,000	-
Avanti Management and consulting Ltd	282,338	282,338
Fladgate exploration consulting corp.	10,593	10,594
Greg Ball (Ex-CFO)	28,086	24,000
Total Related party payables	**$ 446,461**	**$ 316,932**

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. WRITE OFF OF EXPENSES

During the previous quarter, the Company decided to write off liabilities related to legal and advertisement expenses amounting to $78,010.

9. FINANCIAL INSTRUMENTS

a) Fair Values

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.

9. FINANCIAL INSTRUMENTS (continued)

The following table summarizes the carrying values of the Company's financial instruments:

	July 31, 2018	October 31,2017
Loans and receivables (i)	$ 11,142	$ 1,741
Other financial liabilities (ii)	$ 1,995,538	$ 1,909,278

a) Fair Values
(i) Cash and amounts receivable
(ii) Accounts payable and accrued liabilities and 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 data.

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	$ 11,142	–	–	$ 11,142

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.

d) Foreign Exchange Risk

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

9. FINANCIAL INSTRUMENTS (continued)

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.

10. 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.

11. 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 ($874,518) 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 July 31, 2018.

12. 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.

13. SUBSEQUENT EVENTS