

Fairmont Resources Inc (an exploration stage Company)
Management Discussion & Analysis; for the three and nine months ended July 31, 2018

FAIRMONT RESOURCES INC.

(an Exploration Stage Company)

**MANAGEMENT DISCUSSION AND ANALYSIS OF THE
UNAUDITED CONDENSED INTERIM FINANCIAL POSITION AND
RESULTS OF OPERATIONS**

For the Three and Nine Months Ended July 31, 2018

This MD&A is dated September 27, 2018

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Introduction

This Management Discussion and Analysis (“MD&A”), dated September 27, 2018 provides a review of the financial position and the results of operations of Fairmont Resources Inc. (the “Corporation”, “Fairmont” or the “Company”) and constitutes management review of the factors that affected the Company’s financial and operating performance for the three and nine months ended July 31, 2018. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. The review is provided to enable the reader to assess the significant changes in the financial condition of the Company as at and for the three and six months ended July 31, 2018. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended July 31, 2018 and the audited consolidated financial statements of the Company for the years ended October 31, 2017 and 2016 together with the notes thereto. The Company’s financial statements and the financial information reported in this MD&A have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”). All amounts presented are stated in Canadian dollars, unless otherwise indicated. Information contained herein is presented as of September 27, 2018, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Fairmont’s common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Cautionary Note Regarding Forward-Looking Information

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

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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 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. We also own 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.

Overall Performance

For the quarter ended July 31, 2018, the Company had a net income of \$103,949 (2017 – loss of \$1,131,720). The expenses for the three months ended July 31, 2018 when compared to the quarter ended July 31, 2017 has declined by \$895,231. This decrease is mainly due to success fee of \$846,343 in Q3, 2017 and also due to a significant change in the nature of the business in that management has decided to eliminate any non-essential expense in the current year.

During the quarter ended July 31, 2018, no options, were issued and 865,000 options expired.

During the quarter ended July 31, 2018, no warrants, were issued and no warrants 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 (paid);
- 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, conditional on securing financing, with the courts in Spain to purchase the assets of Granitos de Badajoz S.A. (“Grabasa”). Grabasa is a manufacturer of polished granite slabs, which are used for flooring, building cladding, countertops and other purposes. The assets of Grabasa included 23 premium quality dimension stone licenses, and a 42,000 square metre processing facility for cutting and polishing with an annual production

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capacity in excess of 250,000 square metres (the “Grabasa Assets”). The Company was unable to secure the necessary financing for the acquisition and the option to purchase the Grabasa Assets expired on May 26, 2017. Consequently, the Company wrote off the €150,000 deposit being held by the courts in Spain. In addition to the deposit being held, the Company owes a €75,000 success fee to the Spanish company Eureka Trading.

At July 31, 2018, the Company had cash of \$11,142 (October 31, 2017 – \$1,150). At July 31, 2018 the Company had a working capital deficit of \$1,849,396 (October 31, 2017 – \$1,907,537). 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 entitled the holder to purchase one Share for a period of 12 months at an exercise price of \$0.10 per Share (the “Warrant Term”).

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 June 16, 2018, 865,000 options at \$0.16 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”) issued to the Optionor 500,000 shares and paid the Optionor \$25,000.

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 (by mutual consent, the deadline for this exploration expense was extended to May 26, 2019)

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- 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)

Following the Company's failed acquisition of the Grabasa Assets, Eureka Trading filed an action against the Company in the courts in Spain. Eureka Trading was seeking a success fee associated with their alleged assistance of the Company acquiring the Grabasa Assets. The courts in Spain have ordered the Company to make a payment of €75,000 to Eureka Trading.

In addition, the Company had to provide a €150,000 deposit to the courts in Spain when they were granted the right to acquire the Grabasa Assets. The total cost of the acquisition was to be €2,700,000. When the Company failed to secure financing and the ability to acquire was terminated, the Company was required to forfeit that deposit.

The Company is no longer pursuing the Grabasa Assets.

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. On June 27, 2017 the Vendors agreed to remove clause 5.2, of the Buttercup Purchase Agreement which stated that 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:

- i) paid to the Optionor 500,000 shares on the date of acceptance of the TSX Venture Exchange (the "Exchange

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- Approval Date”) (paid);
- ii) paid \$6,000 on the Exchange Approval Date (paid);
- iii) paid \$100,000 in shares on or before January 21, 2016 (issued 2,000,000 shares at a price of \$0.05 per share);
- iv) paid \$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) incurred \$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.

Project Updates

Rome Lithium

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

On June 22, 2017, the Company signed a Right of First Refusal (ROFR) contract with Jourdan Resources, a related party, for the Rome Lithium property. The terms of the ROFR require an initial \$25,000 refundable payment to the Company. Should the Company not find a better offer within 30 days of signing the ROFR, the related party will pay an additional \$25,000 and 1,500,000 shares, valued at \$0.16 per share on June 22, 2017, for rights to the Rome Lithium property. Fairmont will also receive a 2% Net Smelter Royalty.

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, subject to approval from the exchange.

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.

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.

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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 %	TiO ₂ %	SiO ₂ %	Al ₂ O ₃ %	MgO%	CaO %	P ₂ O ₅ %	S %	V ₂ O 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 %	TiO ₂
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 Blanche 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.

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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, 2016 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 year ended October 31, 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 SiO₂ sample listed in the Sigeom database of the Baie-Comeau claims is sample 1906012870 which assayed 99.09% SiO₂. 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% SiO₂, 0.41% Al₂O₃, and 0.36% Fe₂O₃ (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.

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Financial Statements Going Concern Assumption

The financial statements have been prepared on the basis of accounting principles applicable to a going concern under IFRS. The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations.

The business of exploration involves a high degree of risk, as such there is no assurance that the Company's expected exploration programs will result in profitable mining operations. Until it is determined that the E&E assets can be economically mined, they are classified as exploration and evaluation assets using the full cost method allowed under IFRS 6. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its E&E, and making the required payments pursuant to E&E purchase agreements. The Company has yet to generate income and cash flows from its operations.

There is no assurance that the Company will be able to obtain the external financing necessary to explore, develop if E&E are proven successful and bring to commercial production its E&E. The Company has no proven history of profitability, which casts doubt as to whether the Company will be able to continue as a going concern should it not be able to obtain the necessary financing to fund working capital and capital expenditures. The ability of the Company to arrange such financing in the future depends in part upon the prevailing capital market conditions as well as the business performance of the Company. If additional financing is raised by the issuance of shares from the treasury of the Company existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

As at July 31, 2018, the Company had yet to generate revenues from operations and had an accumulated deficit of \$7,902,354 (October 31, 2017 - \$7,950,591.). As at July 31, 2018, the Company had Cash and cash equivalents of \$11,142 (October 31, 2017 - \$1,150) and a working capital deficit of \$1,849,396 (October 31, 2017 - \$1,907,537).

The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements. These adjustments could be material.

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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.

Results of Operations

This section should be read in conjunction with the unaudited Condensed Interim Statements of Comprehensive Loss for the three and nine months ended July 31, 2018 and the audited Statements of Comprehensive Loss for the year ended October 31, 2017, and 2016, and the notes associated therewith.

Quarter ended July 31, 2018

A summary of selected financial information of the Company for recently completed periods is provided below:

General and administrative costs

For the quarter ended	Jul 31, 2018	Apr 30, 2018	Jan 31, 2018	Oct 31, 2017
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Income from operations	Nil	Nil	Nil	Nil
Net gain (loss) for the period	103,949	(55,712)	(46,060)	(578,468)
Basic & diluted (loss) per share	0.00	(0.00)	(0.00)	(0.03)
Cash and cash equivalents	11,132	1,508	57	1,150
Exploration and evaluation assets	807,622	807,622	818,945	817,526
Total Assets	953,764	809,130	819,341	819,267
Working capital deficiency	(1,849,396)	(1,953,345)	(1,955,016)	(1,907,537)
Shareholder's equity	(1,041,774)	(1,145,723)	(1,136,071)	(1,090,011)
For the quarter ended	Jul 31, 2017	Apr 30, 2017	Oct 31, 2016	Oct 31, 2016
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Income from operations	Nil	Nil	Nil	Nil
Net gain (loss) for the period	(1,131,720)	(145,835)	(197,488)	(168,343)
Basic & diluted (loss) per share	(0.03)	(0.00)	(0.01)	(0.00)
Cash and cash equivalents	4,780	6,712	32,366	18,741
Exploration and evaluation assets	1,172,840	1,180,340	1,221,273	1,074,875
Total Assets	1,188,684	1,413,645	1,535,942	1,318,363
Working capital deficiency	1,684,383	597,438	(568,848)	(524,528)
Shareholder's equity	(511,543)	582,902	652,325	550,347

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During the three months ended July 31, 2018, the Company had a net comprehensive income of \$103,949 (2017 – loss of \$1,131,720).

For the quarter ended July 31, 2018, the total assets increased from the previous quarter by \$144,634 primarily due to addition of marketable securities. Cash and cash equivalents increased due to amounts received from sale of a property. Exploration and evaluation assets remained the same as the prior quarter. The increase in shareholders equity is due to the income for the period and there is minimal change in the working capital for the period.

For the quarter ended April 30, 2018, the total assets decreased from the previous quarter by \$10,211 primarily due to the cancellation of an amount due to a supplier. Cash and cash equivalents increased slightly due to a GST refund the Company received in the current quarter. Exploration and evaluation assets also decreased by \$11,323 due to the cancellation of an amount due to the supplier. The decrease in shareholders equity is due to the loss for the period and there is minimal change in the working capital for the period.

For the quarter ended January 31, 2018, the total assets increased slightly mainly due to a small addition to evaluation and exploration assets offset by a decrease in cash and cash equivalents. Exploration and evaluation assets increased by \$1,419 and cash and cash equivalents decreased by \$1,093. Shareholders equity decreased by \$46,060 during this quarter as a result of the loss for the quarter.

For the quarter ended October 31, 2017, the total assets decreased by \$369,417 primarily due to an impairment of exploration of evaluation assets. Exploration and evaluation assets decreased by \$355,314. Cash and cash equivalents decreased by \$3,630 during the quarter.

For the quarter ended July 31, 2017, the total assets decreased by \$224,961 primarily due to the write off of Grabasa deposit. Net Exploration and evaluation assets decreased by \$7,500 during the quarter. Cash and cash equivalents decreased by \$1,932 and prepaid expenses decreased by \$2,561 during the quarter.

For the quarter ended July 31, 2017, the total assets decreased by \$122,307. Net Exploration and evaluation assets decreased by \$40,933 during the quarter. Cash and cash equivalents decreased by \$25,654 and accounts receivable decreased by \$5,820 during the quarter.

For the quarter ended January 31, 2017, the total assets increased by \$217,579 primarily due to an increase in exploration of evaluation assets. Exploration and evaluation assets increased by \$146,398. Proceeds from issuance of shares in the quarter amounted to \$262,680.

For the quarter ended October 31, 2016, the total assets increased by \$100,506 primarily due to an increase in exploration of evaluation assets. Exploration and evaluation assets increased by \$146,398. Proceeds from issuance of shares in the quarter amounted to \$262,680.

For the quarter ended July 31, 2016, the total assets increased by \$396,538 mainly due to an increase in exploration of evaluation assets. Exploration and evaluation assets increased by \$431,801 mainly due to the Grabasa deposit of \$217,163. Other exploration assets increased by \$155,700 during the quarter.

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Nine months ended July 31, 2018

The operating result for the nine months ended July 31, 2018, is compared to those for the nine months ended July 31, 2017 as follows:

General and administrative costs

Nine months ended July 31,	2018	2017
Management and consulting fees	92,667	118,500
Shareholder and investor relations	2,167	56,250
Registration, transfer fees and promotion	8,221	55,637
Audit and accounting	33,667	33,370
Administrative expense	16,667	31,977
Financing fees	-	61,406
Office and miscellaneous	132	12,862
Legal	25,212	74,117
Unrealized foreign exchange gain/(loss)	11,040	570
Success fee	-	846,343
Write off of expenses	(78,010)	-
Share based payments	-	3,573
Operating expenses	(111,763)	(1,294,605)
Marketable securities – FMV movement	15,000	-
Loss on sale of Grabasa deposit	-	(217,163)
Gain on sale of debt	-	36,725
Gain on sale of property	145,000	-
Net income (Loss) and comprehensive loss for the period	\$ 48,237	\$ (1,475,043)

During the nine months ended July 31, 2018, the Company had a net comprehensive income of \$48,237 (2017 – loss of \$1,475,043).

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The expenses for the nine months ended July 31, 2018 when compared to the comparative period ended July 31, 2017 has declined by \$1,182,842. This decrease is mainly due to a success fee of \$846,343 in the nine-month ended July 31, 2017 and also due to a significant change in the nature of the business in that management has decided to eliminate any non-essential expense.

- Management and consulting fees for the nine months ended July 31, 2018 was \$92,667 (2017-\$118,500). The decrease of \$25,833 is due to the key management reducing expenses.
- Shareholders and investor relations for the nine months ended July 31, 2018 was \$2,167 (2017-\$56,250). This decrease of \$54,083 was a result of management eliminating third party expenses.
- Registration, transfer fees and promotion for the nine months ended July 31, 2018 was \$8,221(2017-\$55,637). This decrease was also as a result of management eliminating third party expenses.
- Audit and accounting expense for the nine months ended July 31, 2018 was \$33,667 (2017 - \$31,370). Audit and accounting expenses remained relatively same.
- Administrative expense for the nine months ended July 31, 2018 was \$16,667 (2017 - \$31,977). This reduction in expense can also be attributed to management getting the work done at competitive rates.
- Office and miscellaneous expense for the nine months ended July 31, 2018 was \$132 (2017 - \$12,862). The decrease is mainly due to the management eliminating expenses.
- Unrealized foreign exchange gain/loss for the nine months ended July 31, 2018 was \$11,040 (2017-570). This is due to foreign exchange loss in converting the euro liability.
- Legal expenses for the nine months ended July 31, 2018 was \$25,212 (2017 - \$74,7117). Legal expense for the comparative period was high due to the litigation with the Spanish authorities.
- Write off of expenses for the nine months ended July 31, 2018 was \$78,010 (2017 - \$nil). The management decided to write off some of the liabilities related to legal and advertising expenses.
- There were no share-based payments in the nine months ended July 31, 2018 (2017-\$3,573).

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Consolidated Operating Results

Three months ended July 31, 2018

The operating result for the three months ended July 31, 2018, is compared to those for the three months ended July 31, 2017 as follows:

Three months ended July 31,	2018	2017
Management and consulting fees	30,000	32,000
Shareholder and investor relations	-	15,000
Registration, transfer fees and promotion	226	3,721
Audit and accounting	15,000	9,500
Administrative expense	3,000	12,977
Office and miscellaneous	65	3,821
Legal	24,837	27,328
Unrealized foreign exchange gain/loss	(17,077)	592
Success fee	-	846,343
Operating expenses	(56,051)	(951,282)
Marketable securities – FMV movement	15,000	-
Loss on sale of Grabasa deposit	-	(217,163)
Gain on sale of debt	-	36,725
Gain on sale of property	145,000	-
Net loss and comprehensive loss for the period	\$ 103,949	\$ (1,131,720)

During the three months ended July 31, 2018, the Company had a net comprehensive income of \$103,949 (2017 – loss of \$1,131,720).

The expenses for the three months ended July 31, 2018 when compared to the comparative period ended July 31, 2017 has declined by \$895,231. This decrease is mainly due to success fee of \$846,343 and also due to a significant change in the nature of the business in that management has decided to eliminate any non-essential expense.

- Management and consulting fees for the three months ended July 31, 2018 was \$30,000 (2017-\$32,000).
- Shareholders and investor relations for the three months ended July 31, 2018 was \$nil (2017-\$15,000). This decrease was a result of management eliminating third party expenses.
- Registration, transfer fees and promotion for the three months ended July 31, 2018 was \$226 (2017-\$3,721). This decrease was also as a result of management eliminating third party expenses.
- Audit and accounting expense for the three months ended July 31, 2018 was \$15,000 (2017 - \$9,500). The increase in expense was due to the Company taking on all accounting, administrative and other related expenditures and eliminating third parties.
- Administrative expense for the three months ended July 31, 2018 was \$3,000 (2017 - \$12,977). This reduction in expense can also be attributed to management getting the work done at competitive rates.
- Office and miscellaneous expense for the three months ended July 31, 2018 was \$65 (2017 - \$3,821).
- Unrealized foreign exchange gain for the three months ended July 31, 2018 was \$17,077 (2017- loss of \$592). The decrease is mainly due to the foreign exchange loss in converting the euro liability.
- Legal expenses for the three months ended July 31, 2018 was \$24,837 (2017 - \$27,328). Legal expense for the comparative period was high due to the litigation with the Spanish authorities.

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

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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.

	July 31, 2018	October 31, 2017	October 31, 2016
Working capital (deficiency)	\$ (1,849,396)	\$ (1,907,538)	\$ (524,528)
Deficit	\$ (7,902,354)	\$ (7,950,592)	\$ (5,897,080)

Net cash from operating activities during the nine months ended July 31, 2018, was \$135,088 (2017 – net cash used of \$254,493). The increase in cash for the period was due to a loss of \$48,237 (2017 – \$1,475,043), which was offset by an increase in accounts payable and accrued liabilities of \$33,093(2017 – \$79,333) and an increase in due to related parties of \$117,093 (2017 – \$77,618).

Net cash provided by financing activities during the nine months ended July 31, 2018, was \$Nil (2017 – \$357,980).

Net cash used in investing activities during the nine months ended July 31, 2018, was \$125,096 (2017 – net cash used \$116,548). The net cash used for the comparative period 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

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") has a service contract 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 Mr. Gopalakrishnan.

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	-

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Total related party transactions	\$ 48,000	\$ 32,215	\$ 117,000	\$ 96,522
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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

Directors are entitled to director fees and stock options for their services and officers are entitled to stock options and cash remuneration for their services as outlined in their service contracts with the Company. The table above details the directors' fees and the amounts due to them.

None of the Company's major shareholders have different voting rights other than holders of the Company's common shares.

The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

On August 9, 2017, the Company agreed to sell its Rome Lithium project to Jourdan Resources Inc. (Jourdan) a company with a common director. To acquire the property Jourdan has already paid \$25,000 and will pay a further \$25,000 plus 1,500,000 shares in Jourdan and a 2% net smelter royalty.

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.

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e) Income Taxes

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

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

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

f) Impairment

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

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

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

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

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

g) Provision for closure and reclamation

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

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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.

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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.

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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:

	July 31, 2018	October 31, 2017
Fair value through profit or loss (i)	\$ 11,142	\$ 1,150
Loans and receivables (ii)	-	591
Other financial liabilities (iii)	1,995,538	1,909,278

(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 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	\$ 11,132	-	-	\$ 11,132

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.

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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 July 31, 2018.

Additional Disclosure for Venture Issuers without Significant Revenue

Please refer to Note 4 in the financial statements for the year ended October 31, 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 year ended October 31, 2017.

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Outstanding Share Data

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

	<u>Number of Shares</u>
Balance, October 31, 2016	31,486,264
Shares issued for exploration and evaluation assets	1,000,000
Shares issued for cash	4,317,857
Share issuance costs	-
Shares issued for settlement of debt	565,000
Balance, October 31, 2017	37,369,121
Balance, July 31, 2018	37,369,121

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, 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	-
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		

Warrants

The following table summarizes the warrants and agent warrants activity:

	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

SHARE CAPITAL – ISSUED AND OUTSTANDING

Issued and outstanding: July 31, 2018 – 37,369,121

Issued and outstanding: September 27, 2018 (date of this report) – 37,369,121

Warrants outstanding: July 31, 2018 – 3,567,857

Warrants outstanding: September 27, 2018 – 3,567,857

Options outstanding: July 31, 2018 – 950,000

Options outstanding: September 27, 2018 – 950,000

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.

Corporate update and change of directors

On December 13, 2017, the Company announced the appointment of Michael Lerner as the new President, CEO and Director. On January 24, 2018, the Company announced that the Board of Directors have appointed Harvey McKenzie as a director of the Company.

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.