FAIRMONT RESOURES INC.

Condensed Interim Financial statements

For the three months ended January 31, 2020 and 2019

Expressed in Canadian Dollars

(Unaudited)

FAIRMONT RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in Canadian Dollars)

		January 31, 2020		**October 31, 2019**
ASSETS				
CURRENT				
Cash	$	55,229	$	247
Amounts receivable		14,437		9,445
Prepaid expenses		2,375		12,803
TOTAL ASSETS	$	72,041	$	22,495
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
CURRENT				
Accounts payable	$	748,283	$	694,059
Accrued liabilities		80,914		109,096
Success fee liability (Note 6)		843,928		844,158
Due to related parties (Note 5)		370,719		332,719
TOTAL CURRENT LIABILITIES		2,043,844		1,980,032
SHAREHOLDERS' DEFICIENCY				
Share capital (Note 4)		5,906,745		5,906,745
Equity reserves		1,133,998		1,133,998
Share Subscription receivable		(6,000)		(6,000)
Deficit		(9,006,546)		(8,992,280)
TOTAL SHAREHOLDERS' DEFICIENCY		(1,971,803)		(1,957,537)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	$	72,041	$	22,495

Nature and continuance of operations (Note 1)

Approved on behalf of the Board March 31, 2020:

"Binyomin Posen"
Director

"Michael Lerner"
Director

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

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

	Three month period ended	
	January 31, 2020	**January 31, 2019**
OPERATING EXPENSES		
Administration (Note 5)	$ 3,000	$ 3,000
Audit and accounting (Note 5)	15,000	15,339
Consulting	–	5,639
Foreign exchange (gain) loss	(52)	7,992
Legal	21,300	11,117
Management (Note 5)	30,000	30,000
Office and miscellaneous	18	4,601
Registration and transfer fees	–	2,267
Loss on sale of securities	–	11,358
	(69,266)	(91,313)
OTHER INCOME		
Other income (Note 7)	55,000	–
NET AND COMPREHENSIVE LOSS	$ (14,266)	$ (91,313)
LOSS PER SHARE, basic and diluted	$ (0.00)	$ (0.02)
Weighted average number of shares outstanding	4,420,441	4,201,872

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

FAIRMONT RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF ASH FLOWS

(Unaudited)

(Expressed in Canadian Dollars)

	Three month period ended	
	January 31, 2020	**January 31, 2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (14,266)	$ (91,313)
Adjustments		
Loss on sale of marketable securities	–	11,358
Changes in non-cash working capital items		
Amounts receivable	(4,992)	(1,313)
Accounts payable and accrued liabilities	26,042	7,528
Prepaids	10,428	-
Success fee liability	(230)	7,992
Due to related parties	38,000	27,850
Net cash provided by (used in) operating activities	54,982	(37,898)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Sale of marketable securities	–	56,142
Net cash provided by investing activities	–	56,142
Increase in cash	54,982	18,244
Cash, beginning of the period	247	8,216
Cash, end of the period	$ 55,229	$ 26,460

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

FAIRMONT RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE THREE MONTHS ENDED JANUARY 31, 2020 AND 2019
(Unaudited)

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Subscription receivable	Equity Reserves	Accumulated other comprehensive loss	Deficit	Total deficiency
Balance at October 31, 2018	4,068,328	$ 5,898,290	$ (6,000)	$ 1,133,998	$ (52,500)	$ (8,827,482)	$ (1,853,694)
Adoption of IFRS 9	-	-	-	-	52,500	(52,500)	-
Shares issued in settlement of debt	422,767	8,455	-	-	-	-	8,455
Net loss	-	-	-	-	-	(91,313)	(91,313)
Balance at January 31, 2019	4,491,095	$ 5,906,745	$ (6,000)	$ 1,133,998	$ -	$ (8,971,295)	$ (1,936,552)
Balance at October 31, 2019	4,491,095	$ 5,906,745	$ (6,000)	$ 1,133,998	$ -	$ (8,992,280)	$ (1,957,537)
Net loss	-	-	-	-	-	(14,266)	(14,266)
Balance at January 31, 2020	4,491,095	$ 5,906,745	$ (6,000)	$ 1,133,998	$ -	$ (9,006,546)	$ (1,971,803)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Fairmont Resources Inc. (the "Company") was incorporated on May 25, 2007 under the British Columbia Business Corporations Act. The Company's head office and registered and records office address is Suite 820 – 1130 West Pender Street, Vancouver, BC V6E 4A4, Canada. The Company was listed on the TSX Venture Exchange (the "Exchange") under the symbol "FMR". On October 26, 2018, shares of the Company were delisted from the TSX Venture Exchange subsequent to the approval by the shareholders of the Company in its annual general meeting and special meeting on September 21, 2018.

The Company was previously primarily engaged in the acquisition, exploration and development of mineral properties. As at January 31, 2020, the Company does not hold an interest in any properties that it has determined to contain ore reserves that are economically recoverable or that it is actively exploring. The Company is currently primarily engaged in the identification and evaluation of potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The Company expects to incur further losses, and require additional equity financing, in the development of its business and to meet its obligations. While the Company has been successful at raising additional equity financing in the past, there is no guarantee that it will continue to do so in the future, which casts significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue its operations is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These interim condensed 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 financial statements.

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of presentation

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34 – Interim Financial Reporting. The unaudited condensed interim consolidated financial statements, prepared in conformity with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual condensed interim consolidated financial statements. Since the unaudited condensed interim consolidated financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual consolidated financial statements, they should be read in conjunction with the Company's audited consolidated financial statements for the year ended October 31, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. MARKETABLE SECURITIES

The Company designates its investment in marketable securities as fair value through profit and loss.

On August 9, 2017 the Company agreed to sell the property to Jourdan Resources Inc. (“Jourdan Resources”) and as part of the payment, on July 15, 2018, the Company received 1,500,000 shares of Jourdan Resources with a fair value of $120,000.

During the year ended October 31, 2018, the Company recognized the change in fair value of $52,500 as other comprehensive loss. Effective November 1, 2018, the Company adopted IFRS 9, this resulted in reclassification of $52,500 from accumulated other comprehensive loss to deficit.

During the year ended October 31, 2019, the Company sold these shares for proceeds of $56,142 and recorded a loss of $11,358.

4. SHARE CAPITAL

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

Share issuances:

Quarter ended January 31, 2020

There have been no share issuances in the first quarter of 2020.

Year ended October 31, 2019

On December 23, 2018, the Company closed a debt settlement transaction with certain creditors, pursuant to which the Company settled indebtedness of $75,436 through the issuance of 422,767 common shares with a fair value of $8,455 and agreed to assignment of debt of $586,482 to a third-party creditor including $324,678 that was owed to related parties. The Company recognized a gain in settlement of debt of $66,981 resulting from this transaction.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

Effective October 1, 2018, the Company consolidated its common shares on a 10 to 1 basis, which resulted in 4,068,328 shares outstanding post-consolidation. The consolidation was approved by the shareholders of the Company on September 21, 2018 and by the Exchange on September 28, 2018. All references to common shares, stock options and warrants in these financial statements have been adjusted to reflect this change.

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, 2018 and 2019	95,000	$ 1.80
Expired	-	-
Balance at January 31, 2020	95,000	$ 1.80

As at January 31, 2020, the following incentive stock options are outstanding:

Number of Stock Options	Exercise Price	Expiry Date
95,000	$ 1.80	June 16, 2021

5. 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 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."), which has a contract with the Company. Fees and outstanding amounts due to 1820546 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., which has a service contract with the Company and is entitled to fees based on this contract relating to accounting services. These fees are expensed as accounting fees in the general and administrative expenses.

(Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS (continued)

The table below details the fees incurred with the related parties:

	Three month period ended	
	January 31, 2020	**January 31, 2019**
1820546 Inc. - management fees	$ 30,000	$ 30,000
1820546 Inc. - administrative fees	3,000	3,000
Campus Alliance Inc (accounting fees)	15,000	15,000
Harvey McKenzie (former Director)	-	700
Total related party transactions	**$ 48,000**	**$ 48,700**

The table below details the balances due to the related parties:

	January 31, 2020	**October 31, 2019**
1820546 Inc.	$ 267,869	$ 239,869
Campus Alliance Inc.	102,850	92,850
Total Related party payables	**$ 370,719**	**$ 332,719**

In addition to the above balance, during the year ended October 31, 2019, $324,678 of balance due to related parties was assigned to a third party, and $25,618 of balance due was forgiven and recognized as a gain on settlement of debt. The amounts are non-interest bearing, unsecured and have no terms of repayments.

6. SUCCESS FEE LIABILITY

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.

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 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. As of October 31, 2019, this debt has been assigned by Eureka Trading to a third party.

On May 22, 2018, Eureka Trading assigned the rights of the claim to a third party, and the Company executed a full and final release form, whereby €575,000 ($843,928) is owing to the third party. The Company reversed $72,010 in legal fees outstanding on behalf of Eureka Trading that are no longer payable based on the terms of the debt assignment. Management continues 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 January 31, 2020 and October 31, 2019.

7. BREAK FEE

During the three month period ended January 31, 2020, the Company's letter agreement pertaining to its proposed transaction with Full Spectrum Brands Canada Inc. was terminated. Pursuant to the letter agreement, the Company is entitled to a break fee of which $55,000 has been received to date and recognized as other income.