FAIRMONT RESOURCES INC.

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

For the Three Months Ended January 31, 2020

This MD&A is dated March 31, 2020

Introduction

The following interim Management Discussion & Analysis ("Interim MD&A") of Fairmont Resources Inc (the "Company" or "Fairmont") for the three months ended January 31, 2020 has been prepared to provide material updates to the business, operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis for the fiscal year ended October 30, 2019 ("Annual MD&A"). This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in accordance with section 2.2.1 of Form 51-102F1 of the National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended October 31, 2019 and 2018, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three months ended January 31, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Information contained herein is prepared by management of the Company and approved by the Board of Directors on March 30, 2020, unless otherwise indicated.

Management is responsible for ensuring that processes are in place to provide sufficient knowledge to support the representations made in these filings. The audit committee and Board of Directors (the "Board") provide an oversight role with respect to all public financial disclosures by the Company, and have reviewed this Interim MD&A and the accompanying unaudited condensed interim consolidated financial statements.

The Chief Executive Officer (CEO), and the Chief Financial Officer (CFO), in accordance with National Instrument 52-109, have certified that they have reviewed the unaudited condensed interim consolidated financial statements and this Interim MD&A (the "filings") and that, based on their knowledge having exercised reasonable diligence, that (a) the filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the filings; and (b) the unaudited condensed interim consolidated financial statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the period presented in the filings.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board, 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 the Company's common shares; (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, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

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 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") was incorporated on May 25, 2007 under the British Columbia Business Corporations Act. The Company's head office address is Suite 820 – 1130 West Pender Street, Vancouver, BC V6E 4A4, Canada. The registered and records office address is Suite 820 – 1130 West Pender Street, Vancouver, BC V6E 4A4, Canada. The Company was listed on the TSX Venture 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.

Overall Performance

For the three months ended January 31, 2020, the Company had a comprehensive loss of $14,266 (2019 – $91,313). This decrease in loss is mainly due to other income of $55,000 from break fee and also due to significant change in the nature of the business in that management has decided to eliminate any non-essential expense in the current year.

At January 31, 2020, the Company had cash of $55,229 (October 31, 2019 – $247). At January 31, 2020 the Company had a working capital deficit of $1,971,803 (October 31, 2019 – $1,957,537). To date, the Company's sole source of financing has been derived from the issuance of common shares.

Financings

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 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 €575,000 success fee to an unrelated third party.

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 payables outstanding on behalf of Eureka Trading that are no longer payable based on the terms of the debt assignment.

Management continue to seek relief from this judgement, however, the likelihood of success of this action cannot be determined. This amount has been accrued in the statement of financial position as at January 31, 2020.

Share capital

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.

Share issuances

There have been no share issuances for the quarter ended January 31, 2020.

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.

On August 23, 2018, the Company closed a debt settlement transaction with certain creditors, pursuant to which the Company settled indebtedness of $165,708 through the issuance of 331,416 common shares at a deemed price of $0.50 per common share.

Stock options

During the quarter ended January 31, 2020, no options were granted and expired.

During the year ended October 31, 2019, no options were granted and expired.

During the year ended October 31, 2018, no options were granted and on June 16, 2018, 86,500 options at $1.80 per share expired.

Warrants

During the quarter ended January 31, 2020, no warrants were issued and expired.

During the year ended October 31, 2019, no warrants, were issued and 356,786 warrants expired.

During the year ended October 31, 2018, no warrants, were issued and no warrants expired.

Selected Annual Information

The Company is the providing the following selected information with respect to the Company's audited financial statements for the fiscal years ended October 31, 2019, 2018 and 2017. The audited financial statements for these fiscal years were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

This section should be read in conjunction with the Statements of Comprehensive Loss for the year ended October 31, 2019 and the audited Statements of Comprehensive Loss for the year ended October 31, 2018, and 2017, and the notes associated therewith.

	Year ended October 31, 2019	**Year ended October 31, 2018**	**Year ended October 31, 2017**
	$	$	$
Total Revenue	Nil	Nil	Nil
Operating expenses	(238,498)	(274,956)	(1,520,198)
Loss Before Other Items and Income Tax	(238,498)	(274,956)	(1,520,198)
Income on disposal of property	-	145,000	-
Income on sale of securities	(11,358)	-	-
Gain on settlement of debt	92,599	-	36,725
Impairment of exploration and evaluation assets	-	(818,945)	(352,875)
Impairment of Grabasa deposit	-	-	(217,163)
Other income	44,959	-	-
Reversal of legal fees	-	72,010	-
Net loss	(112,298)	(876,891)	(2,053,511)
Other comprehensive loss			
Net change in fair value of marketable securities	-	(52,500)	-
Net and comprehensive loss	(112,298)	(929,391)	(2,053,511)
Basic and Diluted Loss Per Share	(0.03)	(0.24)	(0.56)

	As at October 31, 2019	**As at October 31, 2018**	**As at October 31, 2017**
	$	$	$
Balance sheet data			
Total assets	22,495	79,493	819,267
Total liabilities	1,980,032	1,933,187	1,909,278
Total equity (deficit)	(1,957,537)	(1,853,694)	(1,090,011)

Results of operations

During the three months ended January 31, 2020, the Company incurred a net loss of $14,266 (2019 – of $91,313). The expenses for the three months ended January 31, 2020 include the following items:

- Management and consulting fees for the three months ended January 31, 2020 was $30,000 (2019 - $30,000).
- Registration, transfer fees and promotion for the three months ended January 31, 2020 was $nil (2019- $2,267).
- Audit and accounting expense for the three months ended January 31, 2020 was $15,000 (2019 - $15,339).
- Administrative expense for the three months ended January 31, 2020 was $3,000 (2019 - $3,000).
- Office and miscellaneous expense for the three months ended January 31, 2020 was $18 (2019 - $4,601).
- Unrealized foreign exchange income for the three months ended January 31, 2020 was $52 (2019- loss of $7,992). This is mainly due to the foreign exchange income in converting the euro liability.
  Legal expenses for the three months ended January 31, 2020 was $21,300 (2019 - $11,117).
- The Company recorded an income $55,000 from break fee related to a previous unsuccessful reverse takeover.

During the year ended October 31, 2019, the Company had a net loss of $112,298 (2018 – loss of $876,891). The expenses for the year ended October 31, 2019 when compared to the comparative year ended October 31, 2018 has declined by $738,975. This decrease is mainly due to the impairment of exploration and evaluation assets of $818,945 in the year ended October 31, 2018, gain on settlement of debt of $92,599 and offset by income on sale of securities of $11,358 in the year ended October 31, 2019 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 year ended October 31, 2019 was $125,639 (2018 - $125,167).
- Shareholders and investor relations for the year ended October 31, 2019 was $nil (2018 - $2,167). This decrease of $2,167 was a result of management eliminating third party expenses.
- Registration, transfer fees and promotion for the year ended October 31, 2019 was $9,188 (2018 - $29,895). This decrease was also as a result of management eliminating third party expenses.
- Audit and accounting expense for the year ended October 31, 2019 was $83,189 (2018 - $71,480).
- Administrative expense for the year ended October 31, 2019 was $12,000 (2018 - $17,012). This reduction in expense can also be attributed to management getting the work done at competitive rates.
- Office and miscellaneous expense for the year ended October 31, 2019 was $4,719 (2018 - $306).
- Unrealized foreign exchange income for the year ended October 31, 2019 was $12,103 (2018- $7,359). This is due to foreign exchange loss in converting the euro liability.
- Legal expenses for the year ended October 31, 2019 was $15,866 (2018 - $36,288). Legal expense for the comparative period was high due to the litigation with the Spanish authorities.
- Write off of expenses for the year ended October 31, 2019 was $nil (2018 - $72,010). The management decided to write off some of the liabilities related to legal expenses in the previous year.
- Impairment of exploration and evaluation assets for the year ended October 31, 2019 of $nil (2018 - $818,945).
- There were no share-based payments in the year ended October 31, 2019 (2018-$nil).

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.

General and administrative costs

For the three months ended	**Jan 31, 2020**	**Oct 31, 2019**	**Jul 31, 2019**	**Apr 30, 2019**
	$	$	$	$
Revenue	Nil	Nil	Nil	Nil
Income from operations	Nil	Nil	Nil	Nil
Net income (loss) for the period	(14,266)	66,702	(20,900)	(14,287)
Basic & diluted (loss) per share	0.00	0.00	(0.00)	(0.00)
Cash and cash equivalents	55,229	247	13,767	11,984
Total Assets	72,041	22,495	19,116	17,253
Working capital deficiency	(1,971,803)	(1,957,537)	(1971,737)	(1950,840)
Shareholder's equity	(1,971,803)	(1,957,537)	(1,971,737)	(1,950,840)
For the quarter ended	**Jan 31, 2019**	**Oct 31, 2018**	**Jul 31, 2018**	**Apr 30, 2018**
	$	$	$	$
Revenue	Nil	Nil	Nil	Nil
Income from operations	Nil	Nil	Nil	Nil
Net income (loss) for the period	(91,313)	(977,628)	103,949	(9,652)
Basic & diluted (loss) per share	(0.23)	(0.23)	0.00	(0.00)
Cash and cash equivalents	26,460	8,216	11,132	1,508
Exploration and evaluation assets	31,550	-	807,622	807,622
Total Assets	(1,936,551)	79,493	953,764	809,130
Working capital deficiency	(1,936,551)	(1,853,694)	(1,849,396)	(1,953,345)
Shareholder's equity	**Jan 31, 2019**	(1,853,694)	(1,041,774)	(1,145,723)

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

During the three months ended January 31, 2020, the Company had a net and comprehensive loss of $14,266 (2019 – $91,313). For the quarter ended January 31, 2020, the total assets increased by $69,546 due to increase in cash and receivable from break fee compared to the previous quarter while shareholders' equity increased slightly due to the income for the quarter. Cash and cash equivalents stayed relatively the same compared to previous quarter.

Financial Statements Going Concern Assumption

The Company expects to incur further losses, and require additional equity financing, in the development of its business and to meet its obligations. While the Company has been successful at raising additional equity financing in the past, there is no guarantee that it will continue to do so in the future, which casts significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These 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.

Liquidity and Capital Resources

To date, the Company has not yet realized profitable operations and has relied on equity financings and trade credit to fund the losses. The Company does not have sufficient funds to satisfy its exploration expenditure plans for the current fiscal year and will be required to raise capital through the equity market.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

	October 31, 2019	October 31, 2018	October 31, 2017
Working capital (deficiency)	$ (1,957,537)	$ (1,853,694)	$ (1,907,538)
Deficit	$ (9,006,546)	$ (8,827,482)	$ (7,950,592)

Net cash provided by operating activities during the period ended January 31, 2020, was $54,982 (2019 – net cash used in of $37,898).

Net cash provided by financing activities during the period ended January 31, 2020, was $nil (2019 – $nil).

Net cash from investing activities during the period ended January 31, 2020, was $nil (2019 – $56,142).

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 favorable. 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 favorable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

The Company entered into the following transactions with related parties:

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

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

The table below details the fees and amounts due to related parties:

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

Related party payables	**January 31, 2020**	**October 31, 2019**
1820546 Ontario 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.

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 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International financial Reporting Interpretations Committee (“IFRIC”).

These 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 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, the functional currency of the Company.

b. Use of estimates

The preparation of 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.

c. Income taxes

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

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

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against income 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.

d. Cash and cash equivalent

Cash and cash equivalents includes cash on hand, deposits held at financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

e. Impairment

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

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

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

f. Provision for closure and reclamation

The Company recognizes statutory, contractual or other legal obligations related to the retirement of its exploration and evaluation assets and its tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for any changes in the amount or timing and for the discounting of the underlying future cash flows. The capitalized asset retirement cost is amortized to operations over the life of the asset. Management has determined that there was no provision required for closure and reclamation as at October 31, 2018 and 2017.

g. Share-based payments

The Company applies the fair value method to share-based payments and all awards that are direct awards of stock, that call for settlement in cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Compensation expense is recognized over the applicable vesting period with a corresponding increase in equity reserves. When the options are exercised, the exercise price proceeds together with the amount initially recorded in equity reserves are credited to share capital.

h. Basic and diluted loss per share:

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of the diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method. Since the Company has losses the exercise of outstanding options and warrants has not been included in this calculation as it would be anti-dilutive.

i. 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.

j. Financial instruments

Changes in Accounting Policies

The Company adopted the following new standards issued by the IASB or the IFRIC:

<u>IFRS 9, Financial Instruments</u>

Effective November 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company adopted the standard retrospectively and prior periods were not restated. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities except for marketable securities.

As a result of adopting this standard, the Company has changed its accounting policy for financial assets retrospectively, for assets that were recognized at the date of application. An assessment has been made and the impact to the Company's financial statements was to reclassify its available-for-sale marketable securities to fair value through profit or loss. As the Company adopted IFRS 9 retrospectively without restatement of comparative amounts, this resulted in a reclassification of $52,500 from accumulated other comprehensive income to deficit on November 1, 2018. Future changes in the fair value of these marketable securities will be recorded directly in profit or loss. No other differences of any significance have been noted in relation to the adoption of IFRS 9.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets:

measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance had no impact on the Company's unaudited condensed interim financial statements. Financial assets:

Below is a summary showing the classification and measurement bases of the Company's financial instruments as at November 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	IAS 39	IFRS 9
Cash	Loans and receivables	Amortized cost
Marketable securities	Available-for-sale	FVTPL
Amounts receivable	Loans and receivables	Amortized cost
Prepaid expense	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Debt advances	Other financial liabilities	Amortized cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments is as follows:

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- Financial assets recorded at FVTPL Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Incomes or losses on these items are recognized in profit or loss.

- Amortized cost Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following five categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

- Financial liabilities recorded at FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized incomes and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized incomes and losses recognized in other comprehensive income.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Incomes and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Financial Instruments

a) Fair Value

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities and due to related parties. The fair values of these financial instruments approximate their carrying values because of their current nature.

b) Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term exploration and administrative expenditures by raising additional funds through share issuances when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed deposits.

d) Foreign Exchange Risk

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

e) Interest Rate Risk

The Company is not exposed to significant interest rate risk.

Adopted and Future Accounting Standards

New accounting policies adopted

The IASB issued a number of new and revised accounting standards that are not yet effective. These standards include the following:

IFRS 16, Leases – IFRS 16 was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company does not expect the adoption of IFRS 16 will impact its financial statements.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at January 31, 2020.

Additional Disclosure for Venture Issuers without Significant Revenue

Please refer to Note 4 in the financial statements for the year ended October 31, 2019 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, 2019.

Outstanding Share Data

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

	Number of Shares
Balance, October 31, 2018	**4,068,328**
Shares issued on settlement of debt	422,767
Balance, October 31, 2019	**4,491,095**
Balance, January 31, 2020	**4,491,095**

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
95,000		

SHARE CAPITAL – ISSUED AND OUTSTANDING

Issued and outstanding: January 31, 2020 – 4,491,095
Issued and outstanding: March 28, 2020 (date of this report) – 4,491,095

Warrants outstanding: January 31, 2020– nil
Warrants outstanding: March 28, 2020 – nil

Options outstanding: January 31, 2020 – 95,000
Options outstanding: March 28, 2020 – 95,000

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 January 11, 2019, the Company announced that the Board of Directors have appointed Binyomin Posen as a director of the Company. On February 8, 2019, the Company announced that the Board of Directors have appointed Jack Wortzman 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.