



F R E E P O R T
R E S O U R C E S I N C .

Condensed Interim Financial Statements

For the six months ended July 31, 2020

Expressed in Canadian Dollars

Unaudited – Prepared by Management

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

FREEMPORT RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

As at	Notes	July 31, 2020	January 31, 2020
		\$	\$
ASSETS			
Current Assets			
Cash		2,925,520	1,676
GST receivable		14,514	5,268
Prepays		62,532	-
		3,002,566	6,944
Non-current assets			
Exploration and evaluation assets	3	5	5
Total assets		3,002,571	6,949
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current Liabilities			
Trade payables and accrued liabilities		465,394	64,602
Due to related parties	4	17,850	1,976,997
Total Liabilities		483,244	2,041,599
Shareholders' equity (deficiency)			
Share capital	5	7,570,849	4,620,561
Shares subscribed	8	1,881,278	-
Share-based payment reserve	5	398,458	398,458
Deficit		(7,331,258)	(7,053,669)
Total shareholders' equity (deficiency)		2,519,327	(2,034,650)
Total liabilities and shareholders' equity (deficiency)		3,002,571	6,949

Nature and continuance of operations (Note 1)

Subsequent events (Note 8)

Approved for issuance on behalf of the Board of Directors:

"Gord Friesen"

Director

"Will Elston"

Director

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

FREEMPORT RESOURCES INC**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

		Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Six Months Ended July 31, 2020	Six Months Ended July 31, 2019
	Notes	\$	\$	\$	\$
EXPENSES					
Advertising and promotion		17,500	60	17,500	240
Audit and accounting	4	13,622	1,460	23,622	1,460
Consulting	4	148,454	-	170,954	-
Extinguishment of accounts payable		(6,593)	-	(6,593)	-
Impairment loss		-	-	-	300
Legal		-	225	5,653	225
Management fees	4	24,857	22,500	24,857	45,000
Office and general		17,526	6,437	17,993	11,499
Stock exchange fees and licenses		8,327	2,109	13,593	7,963
Transfer agent fees		8,623	768	10,010	2,200
NET LOSS AND COMPREHENSIVE LOSS		(232,316)	(33,559)	(277,589)	(68,887)
LOSS PER COMMON SHARE – BASIC AND DILUTED					
		(0.01)	(0.01)	(0.02)	(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED					
		29,246,221	3,366,248	16,448,432	3,366,248

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

FREEPORT RESOURCES INC.

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	Common shares		Shares Subscribed	Share-based Payment Reserve	Deficit	Total
	Number*	Amount				
		\$	\$	\$	\$	\$
Balance at January 31, 2019	3,366,248	4,620,561	-	398,458	(5,665,641)	(646,622)
Net loss for the period	-	-	-	-	(68,887)	(68,887)
Balance at July 31, 2019	3,366,248	4,620,561	-	398,458	(5,734,528)	(715,509)
Balance at January 31, 2020	3,366,248	4,620,561	-	398,458	(7,053,669)	(2,034,650)
Private placement	40,000,000	3,000,000	-	-	-	3,000,000
Share issuance costs - shares	1,771,184	132,839	-	-	-	132,839
Share issuance costs	-	(182,551)	-	-	-	(182,551)
Shares subscribed	-	-	1,881,278	-	-	1,881,278
Net loss for the period	-	-	-	-	(277,589)	(277,589)
Balance at July 31, 2020	45,137,432	7,570,849	1,881,278	398,458	(7,331,258)	2,519,327

(*) Effective May 1, 2020, the Company consolidated its issued and outstanding common shares on a 5 to 1 basis, which resulted in 3,366,248 shares outstanding post-consolidation. All references to common shares in these condensed interim financial statements have been adjusted to reflect this change.

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

FREEMPORT RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	Six Months Ended July 31, 2020 \$	Six Months Ended July 31, 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(277,589)	(68,887)
Adjustments for non-cash items:		
Interest accrued	-	7,429
Impairment loss	-	300
Working capital adjustments:		
GST receivable	(9,246)	(1,318)
Prepays	(62,532)	870
Trade payables and accrued liabilities	(1,576,205)	(11,856)
Amounts due to related parties	17,850	-
Net cash used in operating activities	(1,907,722)	(73,462)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(327)
Net cash used in investing activities	-	(327)
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placement	3,000,000	-
Share issuance costs	(49,712)	-
Shares subscribed	1,881,278	-
Amounts advanced from related parties	-	73,825
Net cash provided by financing activities	4,831,566	73,825
Change in cash	2,923,844	36
Cash, beginning	1,676	101
Cash, ending	2,925,520	137

Supplemental Cash Flow Information:

During the period ended July 31, 2020, the Company issued 1,771,184 units at a fair value of \$132,839 for share issuance costs. There was no supplemental cash flow information for the period ended July 31, 2019.

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

FREEMPORT RESOURCES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JULY 31, 2020

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Freeport Resources Inc. (the "Company") is incorporated in British Columbia and is listed on the TSX Venture Exchange ("TSX-V"). The Company is a Canadian junior mineral exploration company with a diversified portfolio of exploration and evaluation assets in Newfoundland and Labrador (NL) and British Columbia (BC).

The Company's head office, principal address and registered and records office are located at Suite 510, 580 Hornby Street, Vancouver, BC V6C 3B6.

As at July 31, 2020, the Company had working capital of \$2,519,322. Subsequent to the period ended July 31, 2020, management completed a private placement financing (Note 8) to provide it with sufficient capital for the next 12 months or longer. The Company has no source of operating cash flows and as such the Company's ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable.

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. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed interim financial statements were authorized for issue on September 22, 2020 by the directors of the Company.

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual financial statements as at January 31, 2020. These unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended January 31, 2020.

Statement of compliance

The condensed interim financial statements of the Company comply with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

Basis of preparation

The condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim financial statements are presented in Canadian dollars unless otherwise noted.

FREEMPORT RESOURCES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2020

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting years include the recoverability of the carrying value of exploration and evaluation assets and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's condensed interim financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

3. EXPLORATION AND EVALUATION ASSETS

	Hutton Property NL, Canada	Red Rose Mine BC, Canada	Q (Eaglet) Property BC, Canada	Spanish Mountain Gold Property BC, Canada	Tsirku- Jarvis Property BC, Canada	Total
	\$	\$	\$	\$	\$	\$
Acquisition costs:						
Balance, January 31, 2019	1	15,000	1	1	1	15,004
Write-down of acquisition costs	-	(14,999)	-	-	-	(14,999)
Balance, January 31, 2020 and July 31, 2020	1	1	1	1	1	5
Exploration and evaluation costs:						
Balance, January 31, 2019	1,216,733	12,366	1,099	-	-	1,230,198
Additions:						
Field expenditures	800	327	-	-	-	1,127
Write-down of exploration and evaluation costs	(1,217,533)	(12,693)	(1,099)	-	-	(1,231,325)
Balance, January 31, 2020 and July 31, 2020	-	-	-	-	-	-
Balance, January 31, 2020 and July 31, 2020	1	1	1	1	1	5

FREEPORT RESOURCES INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2020**

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

The Hutton Property is located in Northern Labrador, Canada and is an exploration and evaluation stage garnet sand project. The Company owns 100% of the interest in the property. The Company owns 100% of the Red Rose, Q, and Spanish Mountain properties, and 50% of the Tsirku-Jarvis property, with no future commitments with respect to these properties. During the year ended January 31, 2020, the Company determined all properties were impaired and wrote them down to \$1.

4. RELATED PARTY TRANSACTIONS

The following balances are owing to directors, officers and companies controlled by the directors and officers:

	July 31, 2020	January 31, 2020
	\$	\$
Due to a company controlled by the former President of the Company (*)	-	1,539,650
Due to the former President of the Company (*)	-	156,222
Due to former directors of the Company (*)	-	233,843
Due to a company controlled by a former related party (*)	-	47,282
Due to a related party	5,250	-
Due to a company controlled by a related party	12,600	-
	17,850	1,976,997

(*) During the period ended July 31, 2020, these amounts were assigned to an arm's length third party.

The Company had the following transactions with key management personnel during the period ended July 31, 2020 and 2019:

	2020	2019
	\$	\$
Management fees	24,857	45,000
Consulting fees	17,500	-
Accounting fees	20,000	-
	62,357	45,000

FREEMPORT RESOURCES INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2020**

(Expressed in Canadian Dollars)

5. SHARE CAPITAL*Authorized share capital*

Unlimited common shares without par value.

Issued share capital

During the period ended July 31, 2020, the Company completed a non-brokered private placement for proceeds of \$3,000,000 from the issuance of 40,000,000 units at \$0.075 per unit. Each unit consists of one common share and one share purchase warrant at an exercise price of \$0.10 until June 4, 2022. The Company issued 1,771,184 finder's units under the same terms to certain arms-length third parties at a fair value of \$132,839 and paid cash share issuance costs of \$49,712 related to the financing.

The Company did not issue any shares during the year ended January 31, 2020.

Stock options and warrants

The Company has a stock option plan allowing for the granting of options to the Company's directors, officers, employees, consultants and other service providers. Under this plan, the exercise price shall be determined by the Board of Directors or its designated committee (collectively the "Committee") at the time the option is granted, provided the exercise price shall not be less than the market price less applicable discounts permitted by the TSX-V. All options granted shall vest in Six equal installments over a period of 18 months, with the first installment vesting immediately and the remaining options vesting upon six months, nine months, one year, 15 months and 18 months after the date of grant. The option period shall be determined by the Committee at the time of the grant and may be up to ten years from the date of the grant.

Warrants

	Number of Warrants	Weighted Average Exercise Price
Outstanding at January 31, 2019 and 2020	-	\$ -
Granted	41,771,184	0.10
Outstanding, July 31, 2020	41,771,184	\$ 0.10

Additional information regarding warrants outstanding as at July 31, 2020 is as follows:

Exercise price	Number of warrants	Expiry Date
\$ 0.10	41,771,184	June 4, 2022
	41,771,184	

During the period ended July 31, 2020, the Company granted 1,771,184 finder's warrants with a fair market value of \$132,839 which was charged to share issue costs.

There were no stock options and warrants outstanding during the year ended January 31, 2020.

Share-based payment reserve

Share-based payment reserve records the fair value of warrants and options issued for services until such time that the warrants are exercised or expire, at which time the corresponding amount will be transferred to share capital.

FREEPORT RESOURCES INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2020**

(Expressed in Canadian Dollars)

6. CAPITAL MANAGEMENT

The Company manages its capital structure which consists of working and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The exploration and evaluation assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the period ended July 31, 2020.

7. FINANCIAL RISK MANAGEMENT**Classification of financial instruments**

Financial assets included in the statement of financial position are as follows:

	July 31, 2020	January 31, 2020
	\$	\$
Amortized cost:		
Cash	2,925,520	1,676
	2,925,520	1,676

Financial liabilities included in the statement of financial position are as follows:

	July 31, 2020	January 31, 2020
	\$	\$
Amortized cost:		
Trade payables	465,394	55,602
Due to related parties	17,850	1,976,997
	483,244	2,032,599

FREEMPORT RESOURCES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JULY 31, 2020

(Expressed in Canadian Dollars)

7. FINANCIAL RISK MANAGEMENT (continued)

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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 or indirectly; and

Level 3 – Inputs that are not based on observable market data.

As at July 31, 2020, the Company's financial instruments consist of cash, trade payables and amounts due to related parties. Cash is classified as amortized cost. Trade payables and due to related parties are also classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash account is relatively small and unaffected by changes in short term interest rates.

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 has a planning and budgeting processing place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. Liquidity risk is assessed as high.

FREEMPORT RESOURCES INC.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2020**

(Expressed in Canadian Dollars)

8. SUBSEQUENT EVENTS

Subsequent to July 31, 2020, the Company:

a) Completed a non-brokered private placement for proceeds of \$4,000,499 (of which \$1,881,278 was received at July 31, 2020) from the issuance of 13,334,997 units at \$0.30 per unit. Each unit consists of one common share and one half of one share purchase warrant at an exercise price of \$0.40 until February 10, 2022. The Company issued 507,160 finder's units under the same terms to certain arms-length third parties.

b) Signed a definitive share purchase agreement with Quidum Resources Inc. ("Quidum"), and all of the shareholders of Quidum (collectively, the "Vendors"), pursuant to which the Company proposes to acquire all of the outstanding share capital of Quidum from the Vendors (the "Transaction"). Quidum is a privately held company that controls Highlands Pacific Resources Ltd., a corporation established under the laws of Papua New Guinea and that owns a series of contiguous exploration licences located in Papua New Guinea that are together commonly known as the Star Mountains property. In consideration for all of the outstanding share capital of Quidum, the Company has agreed to issue 10,000,000 common shares. No finder's fees or commissions are payable in connection with the Transaction.