



**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 three months ended April 30, 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	April 30, 2020 \$	January 31, 2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		114	1,676
GST receivable		2,133	5,268
		2,247	6,944
<b>Non-current assets</b>			
Exploration and evaluation assets	3	5	5
<b>Total assets</b>		2,252	6,949
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities		2,074,300	64,602
Due to related parties	4	7,875	1,976,997
<b>Total Liabilities</b>		2,082,175	2,041,599
<b>Shareholders' deficiency</b>			
Share capital	5	4,620,561	4,620,561
Share-based payment reserve	5	398,458	398,458
Deficit		(7,098,942)	(7,053,669)
<b>Total shareholders' deficiency</b>		(2,079,923)	(2,034,650)
<b>Total liabilities and shareholders' deficiency</b>		2,252	6,949

Nature and continuance of operations (Note 1)

Subsequent event (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.

**FREEPORT RESOURCES INC**

## CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	Notes	Three Months Ended April 30, 2020 \$	Three Months Ended April 30, 2019 \$
<b>EXPENSES</b>			
Advertising and promotion		-	180
Audit and accounting	4	10,000	-
Bank charges and interest		-	4,399
Consulting		22,500	-
Impairment loss		-	300
Legal		5,653	-
Management fees	4	-	22,500
Office and general		467	-
Stock exchange fees and licenses		5,266	5,854
Telephone		-	663
Transfer agent fees		1,387	1,432
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		(45,273)	(35,328)
<b>LOSS PER COMMON SHARE – BASIC AND DILUTED</b>		(0.01)	(0.01)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED</b>		3,366,248	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' DEFICIENCY

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	Common shares		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	-	-	-	(35,328)	(35,328)
Balance at April 30, 2019	3,366,248	4,620,561	398,458	(5,700,969)	(681,950)
Balance at January 31, 2020	3,366,248	4,620,561	398,458	(7,053,669)	(2,034,650)
Net loss for the period	-	-	-	(45,273)	(45,273)
Balance at April 30, 2020	3,366,248	4,620,561	398,458	(7,098,942)	(2,079,923)

(\*) 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)

	<b>Three Months Ended April 30, 2020 \$</b>	<b>Three Months Ended April 30, 2019 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net loss</b>	(45,273)	(35,328)
Adjustments for non-cash items:		
Interest accrued	-	3,476
Impairment loss	-	300
Working capital adjustments:		
GST receivable	3,135	(585)
Prepaid expense	-	870
Trade payables and accrued liabilities	32,701	(9,375)
Amounts due to related parties	7,875	-
<b>Net cash used in operating activities</b>	(1,562)	(40,642)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts advanced from related parties	-	40,696
<b>Net cash provided by financing activities</b>	-	40,696
Change in cash	(1,562)	54
<b>Cash, beginning</b>	1,676	101
<b>Cash, ending</b>	114	155

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 THREE MONTHS ENDED APRIL 30, 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.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at April 30, 2020, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and or private placement of common shares.

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 June 25, 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.

**FREEPORT RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED APRIL 30, 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**

	<b>Hutton Property NL, Canada</b>	<b>Red Rose Mine BC, Canada</b>	<b>Q (Eaglet) Property BC, Canada</b>	<b>Spanish Mountain Gold Property BC, Canada</b>	<b>Tsirku- Jarvis Property BC, Canada</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Acquisition costs:</b>						
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 April 30, 2020	1	1	1	1	1	5
<b>Exploration and evaluation costs:</b>						
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 April 30, 2020	-	-	-	-	-	-
<b>Balance, January 31, 2020 and April 30, 2020</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>5</b>



**FREEMPORT RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED APRIL 30, 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 owing to directors, officers and companies controlled by the directors and officers as at April 30, 2020 and January 31, 2020 are:

	<b>April 30, 2020</b>	<b>January 31, 2020</b>
	\$	\$
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 firm where a director and officer of the Company is a partner	7,875	-
	<b>7,875</b>	<b>1,976,997</b>

(\*) During the period ended April 30, 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 April 30, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
	\$	\$
Management fees	-	22,500
Accounting fees	7,500	-
	<b>7,500</b>	<b>22,500</b>

## **FREEMPORT RESOURCES INC.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED APRIL 30, 2020**

(Expressed in Canadian Dollars)

#### **5. SHARE CAPITAL**

##### *Authorized share capital*

Unlimited common shares without par value.

##### *Issued share capital*

The Company did not issue any shares during the period ended April 30, 2020 and 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.

There were no stock options and warrants outstanding during the period ended April 30, 2020 and 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.

#### **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 April 30, 2020.

**FREEMPORT RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED APRIL 30, 2020**

(Expressed in Canadian Dollars)

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

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

	April 30, 2020	January 31, 2020
	\$	\$
Amortized cost:		
Cash	114	1,676
	114	1,676

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

	April 30, 2020	January 31, 2020
	\$	\$
Amortized cost:		
Trade payables	2,074,300	55,602
Due to related parties	7,875	1,976,997
	2,082,175	2,032,599

**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 April 30, 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.

## **FREEMPORT RESOURCES INC.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED APRIL 30, 2020**

(Expressed in Canadian Dollars)

#### **7. FINANCIAL RISK MANAGEMENT (continued)**

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.

#### **8. SUBSEQUENT EVENT**

Subsequent to April 30, 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.