FREEPORT RESOURCES INC.

Consolidated Financial Statements For The Year Ended January 31, 2021

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Freeport Resources Inc.

Opinion

We have audited the consolidated financial statements of Freeport Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2021 and 2020, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt of the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 31, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

FREEPORT RESOURCES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at	Notes	January 31, 2021 $	January 31, 2020 $
ASSETS			
Current Assets			
Cash		3,169,379	1,676
Receivables		26,683	5,268
Prepaid expenses		132,784	-
		3,328,846	6,944
Non-current assets			
Exploration and evaluation assets	3	5	5
Total assets		3,328,851	6,949
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current Liabilities			
Trade payables and accrued liabilities	6	127,337	64,602
Due to related parties	4	2,875	1,976,997
Total Liabilities		130,212	2,041,599
Shareholders' equity (deficiency)			
Share capital	5	17,307,366	4,620,561
Share-based payment reserve	5	1,784,753	398,458
Shares subscribed	5	6,667	-
Deficit		(15,900,147)	(7,053,669)
Total shareholders' equity (deficiency)		3,198,639	(2,034,650)
Total liabilities and shareholders' equity (deficiency)		3,328,851	6,949

Nature and continuance of operations (Note 1)

Approved for issuance on behalf of the Board of Directors:

"Gord Friesen" Director *"Allan Glowach"* Director

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

FREEPORT RESOURCES INC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Notes	Year Ended January 31, 2021 $	Year Ended January 31, 2020 $
EXPENSES			
Advertising and promotion		486,147	800
Audit and accounting	4	97,222	11,960
Consulting	4	1,240,174	-
Legal		82,000	3,548
Management fees	4	59,564	90,000
Office and general		48,653	23,182
Project investigation costs	3,4	6,195,470	-
Share based payments	4,5	621,354	-
Stock exchange fees and licenses		45,800	7,963
Transfer agent fees		22,519	3,951
NET LOSS BEFORE OTHER ITEMS		(8,898,903)	(141,404)
OTHER ITEMS			
Extinguishment of accounts payable	4,6	41,203	-
Foreign exchange		11,222	-
Impairment loss		-	(300)
Write-down of exploration and evaluation assets	3	-	(1,246,324)
NET LOSS AND COMPREHENSIVE LOSS		(8,846,478)	(1,388,028)
LOSS PER COMMON SHARE – BASIC AND DILUTED		(0.21)	(0.41)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED		41,993,612	3,366,246

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

FREEPORT RESOURCES INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Common shares		Share-based Payment Reserve	Shares Subscribed	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 year	-	-	-	-	(1,388,028)	(1,388,028)
Balance at January 31, 2020	3,366,248	4,620,561	398,458	-	(7,053,669)	(2,034,650)
Private placements	53,334,997	7,000,499	-	-	-	7,000,499
Share issuance costs - shares	2,278,344	284,987	-	-	-	284,987
Share issuance costs	-	(1,223,493)	764,941	-	-	(458,552)
Exercise of warrants	6,248,119	624,812	-	-	-	624,812
Shares issued for exploration and evaluation asset	10,000,000	6,000,000	-	-	-	6,000,000
Shares subscribed	-	-	-	6,667	-	6,667
Share based payments	-	-	621,354	-	-	621,354
Net loss for the year	-	-	-	-	(8,846,478)	(8,846,478)
Balance at January 31, 2021	75,227,708	17,307,366	1,784,753	6,667	(15,900,147)	3,198,639

(*) 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 consolidated financial statements have been adjusted to reflect this change.

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

FREEPORT RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year Ended January 31, 2021 $	Year Ended January 31, 2020 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(8,846,478)	(1,388,028)
Adjustments for non-cash items:		
Interest accrued	-	16,338
Impairment loss	-	300
Share based payments	621,354	-
Extinguishment of accounts payable	(41,203)	-
Write-down of exploration and evaluation assets	-	1,246,324
Shares issued for property investigation costs	6,000,000	-
Working capital adjustments:		
Receivables	(21,415)	(458)
Prepaid expenses	(132,784)	870
Trade payables and accrued liabilities	97,343	(459)
Amounts due to related parties	2,875	-
Net cash used in operating activities	(2,320,308)	(125,113)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(1,127)
Net cash used in investing activities	-	(1,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Private placements	7,000,499	-
Share issuance costs	(173,565)	-
Exercise of warrants	624,812	-
Shares subscribed	6,667	-
Amounts advanced from (repaid to) related parties	(1,970,402)	127,815
Net cash provided by financing activities	5,488,011	127,815
Change in cash	3,167,703	1,575
Cash, beginning	1,676	101
Cash, ending	3,169,379	1,676

Supplemental Cash Flow Information:
During the year ended January 31, 2021, the Company issued 2,278,344 units at a fair value of $284,987 and $764,941 for broker warrants for share issuance costs.
There was no supplemental cash flow information for the year ended January 31, 2020.

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

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") under the symbol "FRI". The Company is a Canadian junior mineral exploration company with a diversified portfolio of exploration and evaluation assets in Papua New Guinea (PNG), 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.

During the year ended January 31, 2021, the Company acquired all of the outstanding share capital of Quidum Resources Inc. ("Quidum"). Quidum is a privately held company that controls Highlands Pacific Resources Ltd. ("HPR"), a corporation established under the laws of Papua New Guinea that is in the process of applying for the renewal of a series of contiguous exploration licences located in Papua New Guinea that are together commonly known as the Star Mountains Property.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries 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. As at January 31, 2021, the Company had not advanced its property 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 companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

The 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 consolidated financial statements were authorized for issue on May 31, 2021 by the directors of the Company.

Statement of compliance

The consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

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

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

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company as of January 31, 2021 are as follows:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest January 31, 2021	Ownership Interest January 31, 2020
Quidum Resources Inc. (“Quidum”)	Mineral property exploration	British Columbia	100%	Nil%
Highlands Pacific Resources Ltd. (“HPR”)	Mineral property exploration	Papua New Guinea	100%	Nil%

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 consolidated 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;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiaries, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

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

Share-based payments

The Company operates a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black–Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

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

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

Financial assets

Financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. Equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

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.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Fair value

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks. The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

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

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

At present, the Company has not identified any significant restoration and environmental obligations. Accordingly, no provision has been made.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

Star Mountain Property

During the year ended January 31, 2021, the Company completed the acquisition of Quidum by acquiring all of the outstanding share capital from the vendors (the "Transaction"). Quidum is a privately held company that controls Highlands Pacific Resources Ltd. ("Highlands Pacific"), a corporation established under the laws of Papua New Guinea ("PNG") and that is in the process of applying for the renewal of a series of contiguous exploration licenses 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 issued 10,000,000 common shares. No finder's fees or commissions are payable in connection with the Transaction.

The exploration licenses held by Highlands Pacific are currently in the process of being renewed. The renewal process is subject to deliberation and therefore the Company and Highlands Pacific do not have the legal right to explore the property. The fair value of the shares issued has been accounted for as project investigation costs, in the statements of comprehensive loss.

Consideration	
Value of 10,000,000 common shares issued	$ 6,000,000
Total consideration value:	$ 6,000,000
Allocation of consideration paid	
Project investigation costs	$ 6,013,196
Accounts payable	(13,196)
	$ 6,000,000

Details of project investigation costs for the year ended January 31, 2021 are as follows:

	Star Mountains Property PNG $
Consideration paid	6,013,196
Consulting and technical fees	67,249
Field expenditures	65,002
Office and miscellaneous	41,834
Travel and accommodation	8,189
	6,195,470

Other Properties

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.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

	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, 2021 and 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, 2021 and 2020	-	-	-	-	-	-
Balance, January 31, 2021 and 2020	**1**	**1**	**1**	**1**	**1**	**5**

(Expressed in Canadian Dollars)

4. RELATED PARTY TRANSACTIONS

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

	January 31, 2021 $	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 an accounting firm of which a director and officer is a partner	2,875	-
	2,875	1,976,997

(*) During the year ended January 31, 2021, $210,584 of these amounts were repaid, $1,759,818 was assigned to third parties, which was repaid in cash, and the remaining $6,595 was forgiven.

The Company had the following transactions with key management personnel during the year ended January 31, 2021 and 2020:

	2021 $	2020 $
Management fees	59,564	90,000
Consulting fees	68,438	-
Accounting fees	77,500	-
Project investigation costs	6,419	-
Share based payments	310,677	-
	522,598	90,000

5. SHARE CAPITAL

Authorized share capital

Unlimited common shares without par value.

Issued share capital

During the year ended January 31, 2021, the Company:

a) Completed a 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 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. The finders' shares were fair valued at $132,839 and the warrants had a fair value of $619,784, determined using Black Scholes Option Pricing Model. In addition, the Company paid cash share issuance costs of $49,712 related to the financing.

b) Completed a private placement for proceeds of $4,000,499 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 warrant at an exercise price of $0.40 until February 10, 2022. The Company issued 507,160 finder's units under the same terms. The finders' shares were fair valued at $152,148 and the warrants had a fair value of $145,177, determined using Black Scholes Option Pricing Model. In addition, the Company paid cash share issuance costs of $123,852 related to the financing.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

c) Issued 6,248,119 common shares from the exercise of warrants for proceeds of $624,812.
d) Issued 10,000,000 common shares at a fair value of $6,000,000 for project investigation costs (Note 3).
e) Received $6,667 for warrants exercised subsequent to January 31, 2021.

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. 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.

During the year ended January 31, 2021, the Company granted 2,200,000 incentive stock options exercisable at a price of $0.29 for five years from the date of grant. The incentive stock options were granted to officers, directors and consultants of the Company.

The following table summarizes the continuity of stock options:

	Number of options	Weighted average exercise price $
Balance, January 31, 2019 and January 31, 2020	-	-
Granted	2,200,000	0.29
Balance, January 31, 2021	2,200,000	0.29

As at January 31, 2021, the following options were outstanding:

Number of options outstanding	Exercise price $	Expiry date
2,200,000	0.29	November 6, 2025
2,200,000		

The share-based payments expense recognized during the year ended January 31, 2021 was $621,354 (2020 - $Nil) calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

	Year ended January 31, 2021
Risk-free interest rate	0.40%
Expected life (in years)	5
Expected volatility	198,65%
Dividend rate	0%

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

Warrants

	Number of Warrants	Weighted Average Exercise Price
Outstanding at January 31, 2019 and 2020	-	$ -
Issued	48,692,268	0.14
Exercised	(6,248,119)	0.10
Outstanding, January 31, 2021	**42,444,149**	**$ 0.15**

Additional information regarding warrants outstanding as at January 31, 2021 is as follows:

Exercise price	Number of warrants	Expiry Date
$ 0.40	6,921,084	February 10, 2022
$ 0.10	35,523,065	June 4, 2022*
	42,444,149	

*Subsequent to January 31, 2021, 366,667 warrants were exercised for proceeds of $36,667.

6. TRADES PAYABLE AND ACCRUED LIABILITIES

	January 31, 2021 $	**January 31, 2020 $**
Trades payable	112,337	55,662
Accrued liabilities	15,000	9,000
	127,337	64,602

During the year ended January 31, 2021, $34,608 of outstanding payable was forgiven, and accounted for was extinguishment of accounts payable.

7. 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 year ended January 31, 2021.

(Expressed in Canadian Dollars)

8. FINANCIAL RISK MANAGEMENT

Classification of financial instruments

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

	January 31, 2021 $	January 31, 2020 $
Amortized cost:		
Cash	3,169,379	1,676
	3,169,379	1,676

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

	January 31, 2021 $	January 31, 2020 $
Amortized cost:		
Trade payables	127,337	55,602
Due to related parties	2,875	1,976,997
	130,212	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 date.

As at January 31, 2021, 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.

8. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

The Company is not exposed to significant foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in United States dollars ("US$"). The Company does not use derivatives or other techniques to manage foreign currency risk.

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.

9. SEGMENTED INFORMATION

The Company has one operating segment, the exploration of mineral properties, and two geographical segments, with all current exploration activities being conducted in Papua New Guinea and Canada:

	January 31, 2021			January 31, 2020		
	Canada $	PNG $	Total $	Canada $	PNG $	Total $
Current assets	3,319,887	8,959	3,328,846	6,944	-	6,944
Exploration and evaluation assets	5	-	5	5	-	5
Total assets	3,319,892	8,959	3,328,851	6,949	-	6,949

(Expressed in Canadian Dollars)

10. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	January 31, 2021 $	January 31, 2020 $
Loss	(8,846,478)	(1,388,028)
Statutory tax rate	27%	27%
Expected recovery of income taxes computed at statutory tax rates	(2,389,000)	(375,000)
Adjustment to prior year provision versus statutory tax returns	(66,000)	(5,000)
Non-deductible expenditures	168,000	-
Share issuance costs	(330,000)	-
Change in unrecognized deferred tax assets	2,617,000	380,000
Income tax recovery	-	-

The significant components of the Company's deferred tax assets that have not been included in the statement of financial position are as follows:

	January 31, 2021 $	January 31, 2020 $
Components of future tax assets and liabilities:		
Non-capital loss carry forwards	2,797,000	510,000
Net capital loss carry forwards	46,000	46,000
Resource property costs and expenditures	341,000	341,000
Share issuance costs	330,000	-
Total deferred tax assets	3,514,000	897,000
Less: Unrecognized deferred tax assets	(3,514,000)	(897,000)
Net deferred tax asset	-	-

The Company has available non-capital losses of approximately $10,359,000 that expire between 2026 and 2040 and may be carried forward and applied against income for tax purposes.