



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 Nine Months Ended October 31, 2018

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(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)



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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

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

As At

	Notes	October 31, 2018 \$	January 31, 2018 \$
ASSETS			
Current Assets			
Cash		2,869	195
GST receivable		2,404	4,209
Marketable securities		300	300
Total current assets		5,573	4,704
Non-current assets			
Exploration and evaluation assets	4	1,246,852	1,245,629
Total non-current assets		1,246,852	1,245,629
Total assets		1,252,425	1,250,333
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current Liabilities			
Trade payables and accrued liabilities	5	59,981	64,013
Total current liabilities		59,981	64,013
Non-current Liabilities			
Due to related parties	6	1,792,456	1,695,950
Total non-current liabilities		1,792,456	1,695,950
Total Liabilities		1,852,437	1,759,963
Shareholders' deficiency			
Share capital	7	4,620,561	4,620,561
Share-based payment reserve	7	398,458	398,458
Deficit		(5,619,031)	(5,528,649)
Total shareholders' deficiency		(600,012)	(509,630)
Total liabilities and shareholders' deficiency		1,252,425	1,250,333

Approved for issuance on behalf of the Board of Directors:

“Brenda Clark” Director“Martin MacKinnon” Director

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

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

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

	Three Months Ended October 31, 2018	Three Months Ended October 31, 2017	Nine Months Ended October 31, 2018	Nine Months Ended October 31, 2017
Notes	\$	\$	\$	\$
EXPENSES				
Advertising and promotion	180	200	800	580
Amortization	-	20	-	60
Audit and accounting	1,500	2,500	5,500	7,210
Bank charges and interest	915	209	2,266	2,279
Legal	-	498	498	498
Management fees	6	22,500	67,500	67,500
Office and general	9	601	341	1,632
Stock exchange fees and licences	308	-	7,534	7,001
Telephone	1,168	1,124	3,662	3,271
Transfer agents fees	610	885	2,281	2,987
NET AND COMPREHENSIVE LOSS	(27,190)	(28,537)	(90,382)	(93,018)
LOSS PER COMMON SHARE – BASIC AND DILUTED	(0.00)	(0.00)	(0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	16,831,232	16,831,232	16,831,232	16,831,232

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

FREEMPORT RESOURCES INC.**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE NINE MONTHS ENDED OCTOBER 31, 2018 AND 2017**

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

	Common shares		Share-based		
	Number	Amount	Payment	Deficit	Total
		\$	Reserve	\$	\$
			\$		
Balance, January 31, 2017	16,831,232	4,620,561	398,458	(5,398,075)	(379,056)
Loss for the period	-	-	-	(93,018)	(93,018)
Balance, October 31, 2017	16,831,232	4,620,561	398,458	(5,491,093)	(472,074)
Balance, January 31, 2018	16,831,232	4,620,561	398,458	(5,528,649)	(509,630)
Loss for the period	-	-	-	(90,382)	(90,382)
Balance, October 31, 2018	16,831,232	4,620,561	398,458	(5,619,031)	(600,012)

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

FREEMPORT RESOURCES INC.CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

	Nine Months Ended October 31, 2018 \$	Nine Months Ended October 31, 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(90,382)	(93,018)
Adjustments for non-cash items		
Amortization	-	60
Working capital adjustments:		
GST receivable	1,805	2,671
Trade payables and accrued liabilities	(4,260)	(4,809)
Amounts due to related parties	67,500	104,841
Net cash (used in) provided by operating activities	(25,337)	9,745
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(995)	(1,337)
Net cash used in investing activities	(995)	(1,337)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amounts advanced from related parties	29,006	-
Net cash provided by financing activities	29,006	-
Change in cash	2,674	8,408
Cash, beginning	195	67
Cash, ending	2,869	8,475

Supplemental Cash Flow Information (Note 10)

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 NINE MONTHS ENDED OCTOBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

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 8711 Elsmore Road, Richmond, B.C., V7C 2A4.

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 October 31, 2018, 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed interim financial statements were authorized for issue on December 27, 2018 by the directors of the Company.

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.

Significant accounting policies

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, 2018. These unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended January 31, 2018.

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.

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 periods include the recoverability of the carrying value of exploration and evaluation assets and the recoverability and measurement of deferred tax assets.

FREEPORT RESOURCES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

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

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 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.

New accounting standards adopted during the period

IFRS 9 – Financial Instruments (“IFRS 9”)

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income (“OCI”), and guidance on financial liabilities and derecognition of financial instruments. The Company adopted IFRS 9 on February 1, 2018 retrospectively and no differences of any significance have been noted in relation to the adoption of the standard.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”)

In May 2014, IASB issued IFRS 15 to replace IAS 18 – Revenue, which establishes a new single five-step control-based revenue recognition model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The amended standard was adopted on February 1, 2018 and did not have an impact on the condensed interim financial statements.

3. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these condensed interim financial statements. The Company is currently assessing the impact that these standards will have on the condensed interim financial statements.

New standard IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15.

The Company has not yet completed the process of assessing the impact of IFRS 16 will have on its condensed interim financial statements, or whether to early adopt this new requirement.

FREEPORT RESOURCES INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

4. 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, 2017, 2018 and October 31, 2018	-	15,000	1	1	1	15,003
Exploration and evaluation costs:						
Balance, January 31, 2017	1,218,400	11,430	2,750	-	-	1,232,580
Additions:						
Field expenditures	1,566	348	-	-	-	1,914
Cost recoveries	(3,673)	(195)	-	-	-	(3,868)
Balance, January 31, 2018	1,216,293	11,583	2,750	-	-	1,230,626
Additions:						
Field expenditures	440	783	-	-	-	1,223
Balance, October 31, 2018	1,216,733	12,366	2,750	-	-	1,231,849
Total balance, January 31, 2018	1,216,293	26,583	2,751	1	1	1,245,629
Total balance, October 31, 2018	1,216,733	27,366	2,751	1	1	1,246,852

The Hutton Property is located in Northern Labrador, Canada and is an exploration and evaluation stage garnet sand project. The Company acquired the property in 1997 and owns 100% of the interest in the property.

The Company owns 100% of the remaining properties and has no future commitments with respect to these properties.

5. TRADE PAYABLES AND ACCRUED LIABILITIES

	October 31, 2018 \$	January 31, 2018 \$
Trade payables	51,781	56,013
Accrued liabilities	8,200	8,000
Total	59,981	64,013

FREEMPORT RESOURCES INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

6. RELATED PARTY TRANSACTIONS

The following balances owing to directors, officers and companies controlled by the directors and officers as at October 31, 2018 and January 31, 2018 are unsecured and non-interest bearing.

	October 31, 2018	January 31, 2018
	\$	\$
Due to a company controlled by the President of the Company	1,427,150	1,359,650
Due to the President of the Company	95,913	66,907
Due to former directors of the Company	269,393	269,393
	1,792,456	1,695,950

The Company had the following transactions with a director of the Company and key management personnel during the periods ended October 31, 2018 and 2017.

	October 31, 2018	October 31, 2017
	\$	\$
Management fees	67,500	67,500

7. SHARE CAPITAL*Authorized share capital*

Unlimited common shares without par value.

Stock options

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 outstanding during the periods ended October 31, 2018, and 2017.

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, at which time the corresponding amount will be transferred to share capital.

FREEPORT RESOURCES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

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8. 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 October 31, 2018.

9. FINANCIAL RISK MANAGEMENT

Classification of financial instruments

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

	October 31, 2018 \$	January 31, 2018 \$
Amortized cost:		
Cash	2,869	195
Fair value through OCI assets:		
Marketable securities	300	300
	3,169	495

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

	October 31, 2018 \$	January 31, 2018 \$
Non-derivative financial liabilities		
Trade payables	59,981	64,013
Due to related parties	1,792,456	1,695,950
	1,852,437	1,759,963

FREEMPORT RESOURCES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

9. FINANCIAL RISK MANAGEMENT (continued)

Fair Value

As at October 31, 2018, the Company's financial instruments consisted of cash, marketable securities, trade payables and amounts due to related parties. The fair values of cash and trade payables approximate their carrying values because of their current nature. The fair value of amounts due to related parties is not determinable.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	As at October 31, 2018		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	2,869	-	-
Marketable securities	300	-	-
	3,169	-	-

	As at January 31, 2018		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	195	-	-
Marketable securities	300	-	-
	495	-	-

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.

FREEMPORT RESOURCES INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED OCTOBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

9. FINANCIAL RISK MANAGEMENT (continued)

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.

Price risk

The Company is exposed to price risk with respect to equity price since the Company possesses investments in publicly traded securities. The Company's maximum exposure to risk on its marketable securities is \$300.

10. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing and financing activities:	Period ended October 31, 2018	Period ended October 31, 2017
	\$	\$
Exploration and evaluation expenditures included in accounts payable	228	-