



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

**Financial Statements For The Nine Months Ended October 31, 2019**

(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)

	Notes	October 31, 2019 \$	January 31, 2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		1,674	101
GST receivable		4,964	4,810
Prepaid expense		-	870
Marketable securities		-	300
<b>Total current assets</b>		<b>6,638</b>	<b>6,081</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	3	1,245,528	1,245,201
<b>Total non-current assets</b>		<b>1,245,528</b>	<b>1,245,201</b>
<b>Total assets</b>		<b>1,252,166</b>	<b>1,251,282</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	4	55,171	65,060
<b>Total current liabilities</b>		<b>55,171</b>	<b>65,060</b>
<b>Non-current Liabilities</b>			
Due to related parties	5	1,945,679	1,832,844
<b>Total non-current liabilities</b>		<b>1,945,679</b>	<b>1,832,844</b>
<b>Total Liabilities</b>		<b>2,000,850</b>	<b>1,897,904</b>
<b>Shareholders' deficiency</b>			
Share capital	6	5,019,019	4,620,561
Share-based payment reserve	6	-	398,458
Deficit		(5,767,703)	(5,665,641)
<b>Total shareholders' deficiency</b>		<b>(748,684)</b>	<b>(646,622)</b>
<b>Total liabilities and shareholders' deficiency</b>		<b>1,252,166</b>	<b>1,251,282</b>

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,		Nine Months Ended October 31,	
		2019	2018	2019	2018
	Notes	\$	\$	\$	\$
<b>EXPENSES</b>					
Advertising and promotion		360	180	600	800
Amortization		-	-	-	-
Audit and accounting		750	1,500	2,210	5,500
Bank charges and interest		6,592	915	16,087	2,266
Legal		1,342	-	1,567	498
Management fees	5	22,500	22,500	67,500	67,500
Office and general		158	9	189	341
Stock exchange fees and licenses		-	308	7,963	7,534
Telephone		592	1,168	2,565	3,662
Transfer agents fees		881	610	3,081	2,281
Impairment loss		-	-	300	-
<b>NET AND COMPREHENSIVE LOSS</b>		(33,175)	(27,190)	(102,062)	(90,382)
<b>LOSS PER COMMON SHARE –</b>					
<b>BASIC AND DILUTED</b>		(0.00)	(0.00)	(0.01)	(0.01)
<b>WEIGHTED AVERAGE NUMBER OF</b>					
<b>COMMON SHARES OUTSTANDING –</b>					
<b>BASIC AND DILUTED</b>		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.

**FREEPORT RESOURCES INC.**

## CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

	Common shares		Share-based		
	Number	Amount	Payment	Deficit	Total
		\$	Reserve	\$	\$
			\$		\$
Balance at January 31, 2018	16,831,232	4,620,561	398,458	(5,528,649)	(509,630)
Net loss for the period	-	-	-	(90,382)	(90,382)
Balance at October 31, 2018	16,831,232	4,620,561	398,458	(5,619,031)	(600,012)
Balance at January 31, 2019	16,831,232	4,620,561	398,458	(5,665,641)	(646,622)
Reclassification	-	398,458	(398,458)	-	-
Net loss for the period	-	-	-	(102,062)	(102,062)
Balance at October 31, 2019	16,831,232	5,019,019	-	(5,767,703)	(748,684)

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

**FREEPORT RESOURCES INC.****CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

	Nine Months Ended October 31,	
	2019	2018
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net loss</b>	(102,062)	(90,382)
Adjustments for non-cash items		
Interest accrued	12,960	-
Impairment loss	300	-
Working capital adjustments:		
GST receivable	(154)	1,805
Prepaid expense	870	-
Trade payables and accrued liabilities	(9,889)	(4,260)
Amounts due to related parties	67,500	67,500
<b>Net cash used in operating activities</b>	(30,475)	(25,337)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(327)	(995)
<b>Net cash used in investing activities</b>	(327)	(995)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts advanced from related parties	32,375	29,006
<b>Net cash provided by financing activities</b>	32,375	29,006
Change in cash	1,573	2,674
<b>Cash, beginning of the period</b>	101	195
<b>Cash, ending of the period</b>	1,674	2,869

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

## **FREEPORT RESOURCES INC.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED OCTOBER 31, 2019**

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

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#### **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 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, 2019, 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 financial statements were authorized for issue on December 23, 2019 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.

##### *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 financial statements are presented in Canadian dollars unless otherwise noted.

##### *Significant estimates and assumptions*

The preparation of condensed interim 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.

## **FREEPORT RESOURCES INC.**

### **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED OCTOBER 31, 2019**

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

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## **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.

### *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.

**FREEPORT RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED OCTOBER 31, 2019**

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

**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***

The Company adopted all of the requirements of IFRS 9 Financial Instruments (“IFRS 9”) on a retroactive basis in accordance with the transitional provisions. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company’s financial assets on the transition date; therefore, comparative figures have not been restated.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

<b>Financial asset/ liability</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash	Amortized cost	Amortized cost
Reclamation Bond	Amortized cost	Amortized cost
Due from related parties	Amortized cost	Amortized cost
Marketable securities	Available-for-sale	Fair value through other comprehensive income
Accounts payable	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

***Financial assets***

On initial recognition, 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. On initial recognition of an 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.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

***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.

**FREEMPORT RESOURCES INC.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED OCTOBER 31, 2019**

(Expressed in Canadian Dollars)

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

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.

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).

## **FREEMPORT RESOURCES INC.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED OCTOBER 31, 2019**

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

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

### *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.

### *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.

#### Flow-through shares:

On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company's common shares is initially recorded as a liability ("flow-through tax liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred and a deferred tax liability is recognized. The reduction to the flow-through tax liability is recognized in profit or loss as other income.

To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

## **FREEMPORT RESOURCES INC.**

### **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED OCTOBER 31, 2019**

(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

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

##### ***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.

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

The Company adopted IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) on a retroactive basis in accordance with the transitional provisions. IFRS 15 will replace IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations on revenue. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The new standard requires companies to follow a five-step model to determine if revenue should be recognized:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

The Company has concluded that there are no differences between the point of risks and rewards transfer and the point of transfer of control under IFRS 15. As such, no adjustment has been recorded to the comparative figures.

##### ***Adoption of new accounting standards***

The Company has adopted the following new standard, with a date of initial application of February 1, 2019:

IFRS 16, Leases (“IFRS 16”) IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. This standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company's management has assessed the impact of IFRS 16 on its leases which are short-term and fall under the exemptions of IFRS 16. The adoption of this amendment did not have a significant impact on the financial statements.

**FREEPORT RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED OCTOBER 31, 2019**

(Expressed in Canadian Dollars)

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**3. EXPLORATION AND EVALUATION ASSETS**

	Hutton Property NL, Canada \$	Red Rose Mine BC, Canada \$	Q (Eaglet) Property BC, Canada \$	Spanish Mountain Gold Property BC, Canada \$	Tsirku- Jarvis Property BC, Canada \$	Total \$
<b>Acquisition costs:</b>						
Balance, January 31, 2019, 2018 and April, 2019	-	15,000	1	1	1	15,003
<b>Exploration and evaluation costs:</b>						
Balance, January 31, 2018	1,216,293	11,583	2,750	-	-	1,230,626
Additions:						
Field expenditures	440	783	-	-	-	1,223
Cost recoveries	-	-	(1,651)	-	-	(1,651)
Balance, January 31, 2019	1,216,733	12,366	1,099	-	-	1,230,198
Additions:						
Field expenditures	-	327	-	-	-	327
Cost recoveries	-	-	-	-	-	-
Balance, October 31, 2019	1,216,733	12,693	1,099	-	-	1,230,525
Total balance, October 31, 2019	1,216,733	27,693	1,100	1	1	1,245,528

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.

**4. TRADE PAYABLES AND ACCRUED LIABILITIES**

	October 31, 2019 \$	January 31, 2019 \$
Trade payables	55,171	56,060
Accrued liabilities	-	9,000
Total	55,171	65,060

**FREEMPORT RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED OCTOBER 31, 2019**

(Expressed in Canadian Dollars)

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**5. RELATED PARTY TRANSACTIONS**

The following balances owing to directors, officers and companies controlled by the directors and officers as at October 31, 2019 and January 31, 2019 are:

	October 31, 2019	January 31, 2019
	\$	\$
Due to a company controlled by the President of the Company (*)	1,517,150	1,449,650
Due to the President of the Company (**)	147,087	106,865
Due to former directors of the Company (*)	234,393	234,393
Due to a company controlled by a related party (**)	47,049	41,936
	1,945,679	1,832,844

(\*) The balances owing are non-interest bearing, unsecured and due on June 1, 2020.

(\*\*) The balances owing are interest bearing at 12% per annum, unsecured and due on June 1, 2020. During the period ended October 31, 2019 and the year ended January 31, 2019, the Company recognized \$12,960 and \$13,684 in interest expense, respectively.

The Company had the following transactions with a director of the Company and key management personnel during the Nine months ended October 31, 2019 and 2018.

	October 31, 2019	October 31, 2018
	\$	\$
Management fees	67,500	67,500

**6. SHARE CAPITAL*****Authorized share capital***

Unlimited common shares without par value.

***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 October 31, 2019 and year ended January 31, 2019.

***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.

**FREEMPORT RESOURCES INC.****NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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(Expressed in Canadian Dollars)

(Unaudited-Prepared by Management)

**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 period ended October 31, 2019.

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

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

	October 31, 2019 \$	January 31, 2019 \$
Amortized cost:		
Cash	1,674	101
Fair value through OCI assets:		
Marketable securities	-	300
	1,674	401

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

	October 31, 2019 \$	January 31, 2019 \$
Non-derivative financial liabilities		
Trade payables	55,171	65,060
Due to related parties	1,945,679	1,832,844
	2,000,850	1,897,904

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**10. FINANCIAL RISK MANAGEMENT (continued)****Fair Value**

As at October 31, 2019, 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 date.

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, 2019		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	1,674	-	-
	1,674	-	-

  

	As at January 31, 2019		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	101	-	-
Marketable securities	300	-	-
	401	-	-

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.**

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**10. 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.