



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

## Management Discussion & Analysis

For the Year Ended  
January 31, 2020

*The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Freeport Resources Inc. (the "Company" or "Freeport") as at January 31, 2020 and related notes thereto. This MD&A should be read in conjunction with the financial statements for the year ended January 31, 2020 and supporting notes. These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All monetary amounts are in Canadian dollars unless otherwise specified. The effective date of this MD&A is May 21, 2020. Additional information about the Company is available on SEDAR.*

*Effective May 1, 2020, the Company consolidated its share capital on a 5 for 1 basis. This MD&A reflects the share consolidation retroactively.*

### NATURE OF BUSINESS: Overall Performance & Current Highlights



**Freeport Resources Inc.** (TSX-V: FRI) is a Canadian mineral exploration company with a diversified portfolio of properties: the Hutton Garnet Beaches discovery in Labrador, and 3 BC projects -- the Red Rose Mine (a past producer of tungsten-gold-copper), Spanish Mountain Gold (adjacent to a proposed open pit gold mine near Williams Lake), and the Q (a large well known CaF<sub>2</sub> deposit with accessory MoS<sub>2</sub> and silver). Freeport was founded 39 years ago by William George Clark and his good friend, Michael Roberts PE (Purdue) of Texas. At Clark's unexpected passing in 1995, his daughter, Brenda Clark, was appointed President, CEO, and Director. As announced May 1, 2020, she stated, "After twenty-five years as CEO, I have decided to pass the torch. Freeport's team has recently been strengthened with several excellent new board members. My father, William George Clark, founded Freeport in 1981, and would be very pleased to see his legacy continue in the hands of such a strong team. I wish them every possible success."



**HUTTON GARNET BEACHES:** India's garnet export ban at Tamil Nadu has significantly increased demand world-wide, favourably impacting pricing. Freeport has been in discussions with interested parties on development opportunities and recently updated its Business Plan. Pilot plant work on 100 tonnes of bulk sample material already on hand includes waterjet product development and marketing studies. Please visit [www.freeportresources.com/i/pdf/corporatepresentation.pdf](http://www.freeportresources.com/i/pdf/corporatepresentation.pdf) for more info.



**RED ROSE MINE:** The Red Rose tungsten mine was one of the most important in the Rocher Deboule camp, producing tungsten, copper and gold. It has excellent gold potential with grades of 63.8 g/mt over 0.3m (1.86 oz/ton over 1.0 ft) & 49.0 g/mt over 0.7m (1.43 oz/ton over 2.2 ft) previously reported.



**THE Q:** Significant historical fluorite resources include 24M tonnes averaging 11.5% CaF<sub>2</sub> estimated in 1984 by Eaglet Mines (not verified by Freeport or NI 43-101 compliant), identified by extensive drilling (~126 surface and 9 underground holes) and underground workings (2 adits - one over 1200' long). Freeport recently outlined a combined length of 126 metres (410 feet) with an average grade of 8.7% CaF<sub>2</sub> in Adit 2. (see [www.freeportresources.com/i/pdf/Freeport-Q-2012.pdf](http://www.freeportresources.com/i/pdf/Freeport-Q-2012.pdf)).



**SPANISH MOUNTAIN GOLD:** Freeport's claims are immediately to an advanced stage, multi-million ounce open pit gold project worked by Spanish Mountain Gold Ltd. (SMG). Infill drilling on the east of SMG's proposed pit returned 64.0m grading 3.25 g/t gold, including 41.5m of 4.85 g/t gold, 18.0m of 10.73 g/t gold, and 8.5m of 22.47 g/t gold. Mineralization is proven to extend on Freeport's claims, less than half a mile east of the pit. Please see [www.freeportresources.com/i/pdf/spanishmt2011.pdf](http://www.freeportresources.com/i/pdf/spanishmt2011.pdf) for more information.

## **Forward-Looking Statements**

*This MD&A together with the Company's financial statements contain certain statements that may be deemed "forward-looking statements". All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward looking statements. Forward looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Information inferred from the interpretation of drilling results and information concerning resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements.*

*Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including risks that may affect the Company's operating or capital plans, including risks generally encountered in the exploration and development of natural resource properties, such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, ground control problems, process upsets and equipment malfunctions; risks associated with labour and unavailability of skilled labour; fluctuations in the market prices of the Company's principal products, which are cyclical and subject to substantial price fluctuations; risks created through competition for natural resource properties; risks associated with lack of access to markets; risks associated with mineral and resource estimates, including the risk of errors in assumptions or methodologies; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; risks associated with the Company's dependence on third parties in the provision of transportation and other critical services; risks associated with aboriginal title claims and other title risks; social and political risks associated with operations in foreign countries; and risks associated with legal proceedings.*

*Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for, deliveries of, and the level and volatility of commodity prices develop as expected; that the Company receives regulatory and governmental approvals as are necessary on a timely basis; that the Company is able to obtain financing as necessary on reasonable terms; that there is no unforeseen deterioration in the Company's activity costs; that the Company is able to continue to secure adequate transportation as necessary for its exploration activities; that the Company is able to procure equipment and supplies, as necessary, in sufficient quantities and on a timely basis; that exploration activity timetables and capital costs for the Company's planned projects are not incorrectly estimated or affected by unforeseen circumstances; that costs of closure of various operations are accurately estimated; that there are no unanticipated changes to market competition; that the Company's estimates in relation to its natural resource interests are within reasonable bounds of accuracy (including with respect to size, grade and recoverability of mineral projects) and that the geological, operational and price assumptions on which these are based are reasonable; that no environmental and other proceedings or disputes arise; and that the Company maintains its ongoing relations with its employees, consultants and advisors.*

*Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.*

# LABRADOR PROJECT

## HUTTON GARNET BEACHES

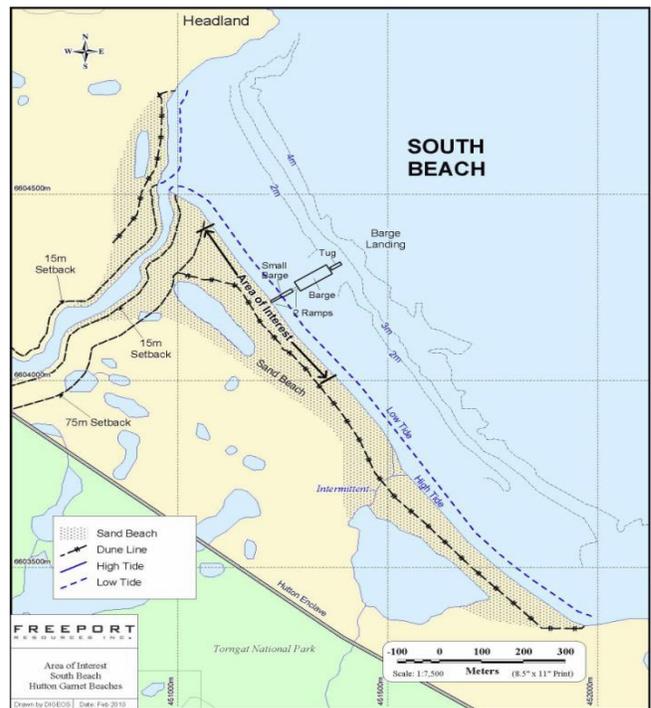


The **Hutton Garnet Beaches** (113 claims, 28 sq. km.) have received ongoing international attention due to exceptionally high garnet content: South Beach, clearly red on satellite photos, averages over 60% and exceeds 75% locally – **one of the highest grade placer garnet deposits known world-wide**. Preliminary resource and reserves estimated over 1.25 million tonnes garnet (2004). The Hutton is an important Canadian garnet resource, well positioned to supply eastern North America and Europe.

**The Hutton is at an advanced stage. Feasibility of the marine operational plan for exploiting the garnet sands has been confirmed – a significant project milestone.** Environmental studies included a bird survey at both beaches. Sampling needed to update tonnage estimates was also completed. Freeport greatly appreciates incentive funding from the Government of NL's Junior Exploration Assistance program, with \$150,000 received for the most recent work at the site.

**Project Concept: The Hutton is a unique mineral project with minimal visual and environmental impacts.** Garnet is chemically inert and environmentally benign. The deposits are on surface with very limited overburden or vegetation. It would operate like a small, shallow, and seasonal sand quarry. However, no permanent structures, roads, or marine transport facilities are required. Natural processes – waves, wind, and winter ice – will remove all traces of work. The garnet sand would be loaded on a barge and shipped to a processing plant for separation into different waterjet and possibly sandblasting products.

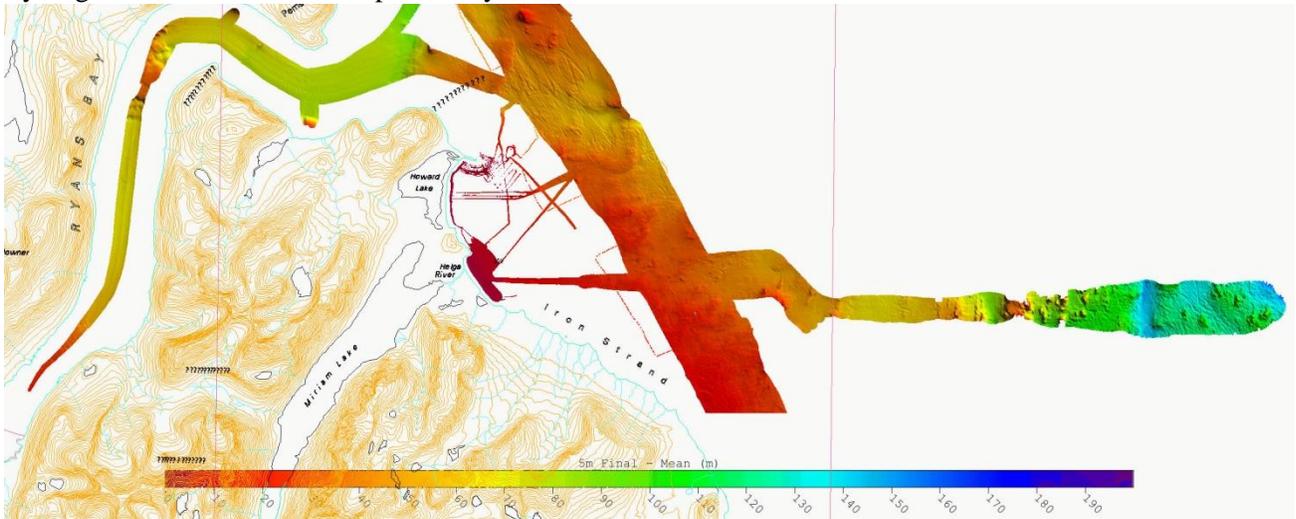
**Hutton Garnet & Abrasive Waterjet cutting:** Hutton garnet is **high quality almandine garnet**, naturally suited to waterjet cutting due to its size, angularity, competence, and lack of inclusions. Various Hutton concentrates produced with distinct processing methods met or exceeded commercially available products in three industry-wide tests in the UK, Canada and the US. Waterjet tests in North America & Europe have been very successful, with the Hutton concentrate performance comparable to other high quality commercial products, and consistently favourable responses from users. The waterjet market is expanding in major eastern industrial centres (i.e. Montreal, Toronto, NY, etc.).



Export Market Development & Business Plan (EMD & BP): The Hutton Business Plan was recently updated and appears robust. Extensive market research, product testing, industry regulation research and North American distribution planning/costing were conducted. The EMD study and BP were partly funded by the Atlantic Canada Opportunities Agency (ACOA).

Mineral Processing: Mineral processing of 100 tonnes of stockpiled bulk sample material will facilitate pilot plant development and implementation. Commercial scale garnet separation of bulk sample material has been evaluated at several industrial minerals plants. Further beneficiation work will be undertaken to fine-tune the products, based on the processing model established by Dr. Bern Klein, at UBC's Center for Industrial Minerals Innovations (CIMI). The proposed flow sheet consists of a scalping screen, wet gravity concentration, and dry high intensity rare earth magnetic separation. Simple and economical, it forms the basis for pilot plant design.

Site surveys: A detailed Beach Formation Study was prepared by Dr. Catto, a respected geomorphologist specializing in beach formation and glacial processes. Due to lack of publicly available, accurate onshore maps, Freeport commissioned and completed two onshore legal surveys. The second was coordinated with an archeological study, confirming no known sites will be impacted by work at the beaches. Comprehensive offshore maps were prepared in collaboration with the Canadian Hydrographic Service, allowing site access by large commercial vessels to previously uncharted waters.



*Offshore Survey of Hutton Garnet Beaches – a collaborative effort with Canadian Hydrographic Services*

Drill Program & Bulk Sample: A total of 98 holes were drilled with a split spoon sampler over the extent of the South and North Beaches. At South Beach, 72 holes were drilled to an average of 3 metres depth, mainly to meet the timeframe constraints of the program. The holes were drilled at 100m intervals with side lines at 25m intervals, for a total distance of 1800 metres along the beach. Several deeper holes were attempted, but terminated at 5 metres due to physical limitations of the drill. At North Beach, 26 holes were drilled to 2-3 metres in depth, at average spacing of 100m intervals along total beach length of 2350 metres. The bulk sample consisted of 141 bulk bags (one cubic metre each) from South and North Beach, for mineral processing, testing and market studies.

The Prefeasibility Report and Marketing Study (PRMS) outlines preliminary resource and reserve estimates at 1,307,950 metric tonnes garnet (1,438,750 short tons). At South Beach, a one metre depth was sufficiently verified to classify half the total Measured Resource – 256,150 tonnes – as a Probable Reserve (included in Measured Resources as noted above). In accordance with NI 43-101, the effective date of the estimates is October 18, 2004.

Technical Advisors on the project have included: Dr. Derek Wilton, PGEO, ZD Hora, PGEO, Don Hains, PGEO, MBA, Dr. Norm Catto, Peter Dimmell, PGEO, John Fleming, PGEO, John Archibald, Geologist, Fred Archibald, APGO, and Ross Glanville, BSc, PEng, MBA, CGA. For more detailed information, please see our website, at <http://www.freeportresources.com/s/Hutton.asp>, and view our PowerPoint presentation at [www.freeportresources.com/i/pdf/corporatepresentation.pdf](http://www.freeportresources.com/i/pdf/corporatepresentation.pdf).

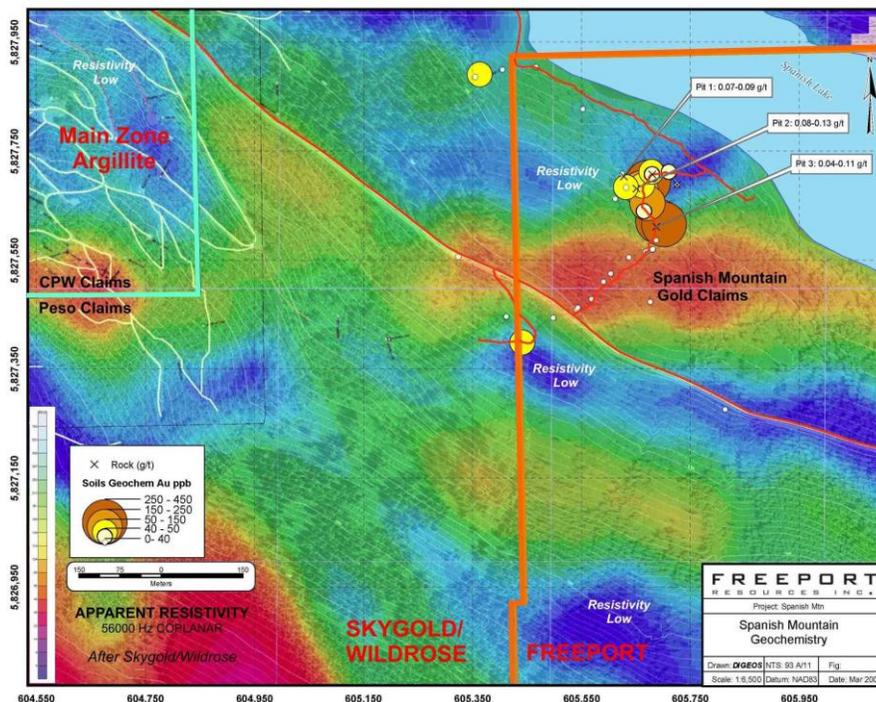
## B.C. PROJECTS

### SPANISH MOUNTAIN GOLD (Juan A)



Freeport's **Spanish Mountain Gold** property (150 hectares, 6 units) is immediately adjacent to and on strike with an advanced stage, multi-million ounce sediment-hosted gold project held by Spanish Mountain Gold Ltd. (previously Skygold Ventures, referred to as Skygold/SMG below). SMG released an update of their Preliminary Economic Assessment estimating a 24 year project life and life of mine production of approximately 2.2 million ounces of gold and 1.5 million ounces of silver (NI43-101 Resource calculation, April 2017, at [www.spanishmountaingold.com](http://www.spanishmountaingold.com)). The mineralized horizon traced on Freeport's claims suggests an easterly extension of the zone -- drilling has extended within 50 m. of the claim boundary.

According to Skygold/SMG, "Drilling within the Main Zone has consistently intersected gold in the Upper Argillite horizon which now forms a sheet of mineralization traced along strike for approximately 800 metres with a width of approximately 500m and up to 135 metres thick." Geophysical 'resistivity lows' correspond with broad zones of argillite stratigraphy favourable for sediment-hosted gold, associated with a contact between argillites and greywackes, with higher grade gold in greywacke host rock. Airborne geophysical data shows structural continuity from SMG's "Main Zone", with resistivity lows continuing across Freeport's claims, without discontinuities or major offsetting features. Freeport's claims are less than half a mile east of and on strike with the mineralized zone.



Soil and rock samples collected by Freeport over one geophysical 'resistivity low' at the north end of the property sampled to date are **strongly anomalous in gold**, reaching over 400 ppb in soil and up to 0.13 g/t in weathered pyritic argillite and greywacke surface rocks. This indicates an easterly extension of SMG's large mineralized zone called the 'Main Zone Argillite', which also coincides with a **resistivity low**. Freeport's sampling tested the most northerly resistivity low of three identified by the airborne survey. Three hand trenches were dug on pits along a previously unknown access road cross-cutting the stratigraphy. The pits exposed **pyritic argillite and greywacke** with some quartz veining – rocks that appear identical to the mineralized horizon on Skygold/SMG's adjacent claims. Assays of surface grab samples from all 3 pits returned gold values clustered around 0.1 grams per tonne. Gold values in the right rock type in all three trenches indicate the **mineralized stratigraphy extends onto Freeport's claims**. Gold values could be expected to increase below surface weathered exposures of the rocks. **Sampling of untested prospective geophysical targets is planned, with follow-up drilling to locate favorable gold mineralized stratigraphic/structural horizons. With minor rehabilitation, the road will provide easy access for equipment and drills over the north part of the claims, especially as an offshoot of the road extends up to the main logging haul road.**

For more information, please visit [www.freeportresources.com/s/SpanishMountain.asp](http://www.freeportresources.com/s/SpanishMountain.asp), and view our new PowerPoint presentation at <http://www.freeportresources.com/i/pdf/spanishmt2011.pdf>

## Q (EAGLET)

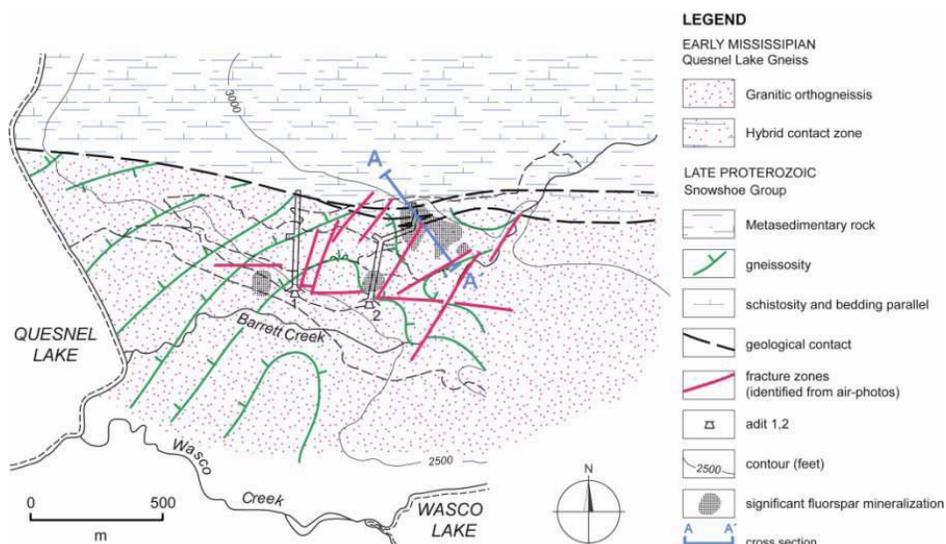


The **Q** claims (12 sq.km., 4.6 sq.mi., 1200 hectares, 48 units), are on the north arm of Quesnel Lake in BC's Cariboo. **New fluorspar results confirm several significant mineralized zones in Adit 2**, particularly in a faulted and folded zone. The most important consists of three generally continuous intervals of fluorspar mineralization with a **combined length of 126 metres (410 feet), averaging 8.7% CaF<sub>2</sub>**. Some higher grade sections include 15 m. (50 ft.) of 10.3% CaF<sub>2</sub> and 30 m. (100 ft.) of 11.1% CaF<sub>2</sub>. The Adit ends in a mineralized zone 369 m. (1210 ft.) from the portal. These grades and continuity suggest the possibility of bulk open pit mining. Access is by barge, with many existing trails and logging roads at the site.



The Q is a 'Developed Prospect' ("Eaglet"), with over 22,000 metres of diamond drilling (126 surface and 9 underground holes) and 2 adits. Eight distinct flat-lying lenticular fluorite zones with accessory silver, molybdenum and lead were defined, varying in thickness from 3 to 30 metres, with an average of 8 metres. Mineral reserve estimates of 24,000,000 tonnes of fluorite, averaging 11.5% CaF<sub>2</sub> with silver, molybdenum and lead by-products were published in 1984 by Eaglet Mines -- a historical estimate not verified by Freeport or NI 43-101 compliant.

The Q is also being evaluated for widespread molybdenite present in both adits and a number of drill holes, reaching values up to 0.19% MoS<sub>2</sub>. Two new molybdenite-enriched zones in Adit 2 were recently discovered, based on assay of over 600 pulp samples representing the extent of Adit 2, which is 369 m (1211') long. Each zone is about 50m (165') long, occurring along shear structures, with elevated values from 0.0167% - 0.191% MoS<sub>2</sub>. Molybdenite and fluorite both correspond to fracturing and schistosity identified in structural mapping of the adit and high resolution air photographs. The north-east, structurally more complex part of the adit is of most interest -- characterized by faults and local scale folding.



**Metallurgy:** BC Mining Research Ltd. (BCMR, Dr. Bern Klein) prepared a commercial-grade molybdenite concentrate for Freeport, with very encouraging results, confirming previous work by Eaglet Mines, whose Prefeasibility Study reported calculated recoveries of "one-half pound Mo per ton" (September 1984).

Two BC Geological Survey Fieldwork articles were recently published on the property, including "Eaglet Property Revisited: Fluorite-Molybdenite Porphyry-like Hydrothermal System". Different types of mineralization as well as relationships of individual minerals of economic interest are discussed. Host rock is interpreted as a replacement product of the interaction of alkali sodium and successive potassium-bearing fluids with a consolidated orthogneiss series with metasedimentary intercalations. This process, followed by hydrothermal activity contributing quartz, molybdenite, fluorite, carbonates and celestite with a few minor minerals, is considered to be an aureole of a well-differentiated granitic body at depth. Cretaceous in age (by dating of mica and fluorite), the intrusion is thus within the range of stocks and dikes with known molybdenum mineralization in the Quesnel and Kootenay Terrane. Distribution of fluorspar (calcium fluoride) and celestite (strontium sulphate) is mainly controlled by mechanical properties of more brittle host rocks susceptible to fracturing, and percolation by hydrothermal fluids. Molybdenite has been observed

mostly along schistosity and in quartz-filled veinlets. Review of high resolution air photo imagery confirms a concentration of linear fracture patterns in the vicinity of Adit 2, near the contact between granitic orthogneisses and metasedimentary rocks. This zone coincides with the zones of significant fluor spar at the northeast of Adit 2 noted above, as well as areas of elevated MoS<sub>2</sub> in Adit 2 and nearby drill holes.

**The Q is interesting today as a potentially large source of fluor spar defined by extensive underground workings and drilling.** Recommended work includes upgrading historical estimates to current NI43-101 standards, evaluating spatial distribution of fluor spar and molybdenite, especially in Adit 2 and the surrounding area, and re-evaluating the deposit model for vertical stockwork. Due to the Q deposit's large scale, **Freeport seeks an industry partner interested in project development.** For more information, visit [www.freeportresources.com/s/TheQ.asp](http://www.freeportresources.com/s/TheQ.asp) and [www.freeportresources.com/i/pdf/Freeport-Q-2012.pdf](http://www.freeportresources.com/i/pdf/Freeport-Q-2012.pdf)

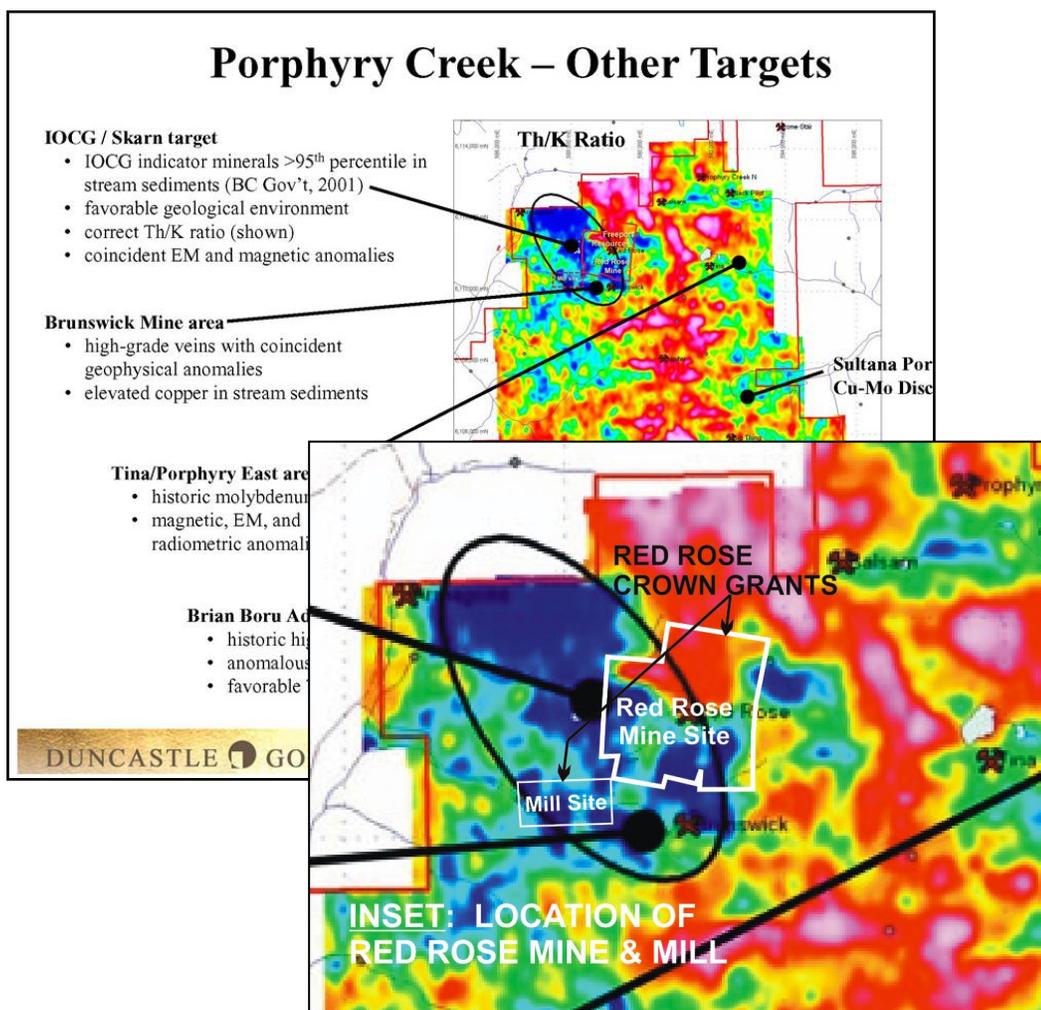
## RED ROSE MINE



The **Red Rose Mine is an important past tungsten gold producer** in northern BC's Rocher Debole mining camp, with average scheelite grade of 1.5%. Other nearby past producers include the Rocher Debole, Victoria, Highland Boy, Great Ohio, Armagosa, Blue Lake and Black Prince, producing tungsten, gold, silver, copper, zinc, cobalt, molybdenum and lead. Red Rose produced over a million kg tungsten with copper, gold and silver by-products from 1942-54. Low tungsten demand after WWII prompted closure with substantial ore remaining. Freeport's last drill program intersected the vein 100m beneath the lowest level.

Freeport owns 15 crown grants containing the Red Rose mine site, as well as 2 crown grant land parcels over the mill site in the valley below (outlined in white on inset map below).

A **geophysical airborne survey** sponsored by Duncastle Gold shows the Red Rose crown grants are prominently located in an area prospective for IOCG/skarn target, with a favourable geological environment and correct Th/K ratio (map from [DuncastleGoldCorp.com](http://DuncastleGoldCorp.com)).



**Note: RED ROSE Crown Grants outlined in white on inset map – above right, over potential IOCG/Skarn target area identified in airborne geophysical survey (geophysics & interpretation by Duncastle Gold Corp.)**

Freeport is re-evaluating the Red Rose for gold potential. Published gold values in Adit No. 1 averaged 19.2 g/tonne over a width of 0.7 m and a strike length of over 49 m (0.56 ounces/ton over 2.1 feet over 160 feet). Bonanza grades of **63.8 g/mt over 0.3m** (1.86 oz/ton over 1.0 feet) and **49.0 g/mt over 0.7m** (1.43 oz/ton over 2.2 feet) have also been reported. Recommended work includes sampling north and south of the mine, especially along the Red Rose shear zone where the most interesting gold values have been found to date, but remaining largely unexplored. Although past exploration concentrated mainly on tungsten, the Red Rose Shear structure has known copper-gold and silver-lead-zinc showings. During the last 2 years of operation, 620 ounces (19,299 g) of gold were recovered from 60,855 tonnes milled (BC Minfile 093M 067). Mineralization is genetically related to the Rocher Deboule stock, one of the Late Cretaceous Bulkley Intrusions. The Red Rose vein is 1.2 to 2.8 metres wide, 60 to 120 metres along strike, and at least 335 metres down dip. Extensive lenses of chalcopyrite occur in the hanging wall shear.

The Red Rose Mine has extensive underground workings, including 12 levels and sub levels, multiple raises, 4 access adits and an inclined shaft that extends in the vein from the 600 level to the lowest level (1100). An aerial tram was used to transport ore to the mill site.



Scheelite is the main tungsten ore, occurring in a pegmatitic vein composed mostly of quartz and feldspar. Molybdenite, chalcopyrite and gold are found locally. The vein fills the Red Rose shear. It was mined over 60 to 120 metres, from the surface down to the 800 level (335 metres). The lower levels from the 800 level down to the 1100 level were only partially mined -- approximately 57,700 tonnes of ore is estimated remaining, including 13,600 tonnes of ore at a grade of approximately 1.9% WO<sub>3</sub> above

the 1100 level (BC Minfile 093M 067). These historical reserves have not been verified by Freeport and are not NI 43-101 compatible, but are of interest to ongoing exploration efforts. Freeport's two hole drill program intersected the extension of the vein at the 1450 level, proving continuity well below the known workings.

For more information, please see <http://www.freeportresources.com/s/RedRose.asp>

## TSIRKU

The Tsirku project (10 claims) was "frozen" in Oct. 1993 due to establishment of the Tatshenshini-Alsek Park in BC. Freeport has 50% ownership in the claims, which currently have a 'protected' status, meaning they can no longer be worked. This was one of Freeport's major projects in the 1980's, with **expenditures exceeding \$1.6 million**. The area hosts the Windy Craggy deposit as well as Kennecott and Hecla's large Greens Creek Mine (reportedly 8.5 M tons at 13.9% Zn, 5.1% Pb, 0.17 oz/ton Au and 21.4 oz/ton Ag; global resource of > 24 M tons at slightly lower grades). Constantine Metals' Palmer copper-zinc discovery, within several kilometres of the Tsirku and just across the Alaska border, is actively being explored. Road access is within 3 miles and the deep sea port of Haines located just 35 miles southeast.

## **JANUARY 31, 2020 MDA**

### **SIGNIFICANT EVENTS**

In January 2020, the Company appointed Scott Davis CPA, CGA and Allan Glowach B.Sc. as Directors. They replace outgoing Director and COO, Shervin Teymouri M.Eng. P.Eng. who has stepped down after a 2 1/2 year tenure.

Subsequent to January 31, 2020, Gordon Friesen and William Elston were appointed as Directors, with Mr. Friesen as Chief Executive Officer and Scott Davis as Chief Financial Officer. They fill vacancies created by the resignations of Brenda Clark, retiring after a 25 year tenure as President, CEO, Director, and Martin MacKinnon, stepping down after 8 years as CFO, including 2 years as Director.

### **RISKS AND UNCERTAINTIES**

The Company's activity of natural resource exploration is considered to be very high risk. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economic, with some of the most significant risks being:

1. Substantial expenditures are required to explore for mineral reserves and the chances of identifying economical reserves are extremely small;
2. The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as it requires them;
3. Although the Company has taken steps to verify title to the mineral properties it has an interest in or is earning into, there is no guarantee that the property will not be subject to title disputes or undetected defects; and
4. The Company is subject to the laws and regulations relating to environmental matters, including provisions relating to reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental protection legislation and is not aware of any existing environmental problems related to its properties that may cause material liability to the Company.

During the year ended January 31, 2020, the Company wrote-down the exploration and evaluation costs to \$1 each to reflect the current environment.

### **SELECTED ANNUAL INFORMATION**

The following financial data is derived from the Company's audited financial statements for the years ended January 31, 2020, 2019 and 2018.

	2020	2019	2018
	\$	\$	\$
Total Revenues	Nil	Nil	Nil
Net loss for the year	1,388,028	136,992	130,574
Basic and diluted loss per share	(0.41)	(0.04)	(0.04)
Total Assets	6,949	1,251,282	1,250,333
Deficit	7,053,669	5,665,641	5,528,649

During the year ended January 31, 2020, the Company wrote-down \$1,246,324 of exploration and evaluation assets.

The preparation of financial statements in accordance with IFRS which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **RESULTS OF OPERATIONS**

During the year ended January 31, 2020, the Company recorded a loss of \$1,388,028 or \$0.41 basic and diluted loss per share, compared to \$136,992 or \$0.04 basic and diluted loss per share for the same period last year.

The loss consisted primarily of management fees of \$90,000 (2019 - \$90,000) accrued to a company controlled by a former director, in consideration of management services provided by such former director, including day to day administration for the Company and overseeing regulatory filings and requirements. During the period, the Company also incurred bank charges and interest expenses of \$20,397 (2019 - \$16,831), transfer agent fees of \$3,951 (2019 - \$5,230), office and general of \$188 (2019 - \$640), telephone costs of \$2,597 (2019 - \$5,105) and audit and accounting of \$11,960 (2019 - \$12,428).

## **SUMMARY OF QUARTERLY REPORTS**

The following table summarizes the Company's financial results for each of the most recently completed quarters:

	Revenue	Loss	Loss
	\$	\$	Per Share
January 31, 2020	Nil	(1,285,966)	(0.38)
October 31, 2019	Nil	(33,175)	(0.01)
July 31, 2019	Nil	(33,559)	(0.01)
April 30, 2019	Nil	(35,328)	(0.01)
January 31, 2019	Nil	(46,610)	(0.01)
October 31, 2018	Nil	(27,190)	(0.01)
July 31, 2018	Nil	(32,407)	(0.01)
April 30, 2018	Nil	(30,785)	(0.01)

Over the last eight quarters, expenditures have been consistent reflecting operational activities. The Company's expenses are comprised mainly of management, office, stock exchange and transfer fees and audit and accounting fees. Expenses have remained low as a result of management of corporate and operational activity. During the three months ended January 31, 2020, the Company wrote-down \$1,246,324 of exploration and evaluation assets.

## **FOURTH QUARTER**

No significant items or events occurred in Q4, January 31, 2020 that would affect the Company's financial position, cash flows or results of operations other than the write-down of \$1,246,324 exploration and evaluation assets during the three months ended January 31, 2020.

## **LIQUIDITY AND CAPITAL RESOURCES**

The accompanying financial statements have been prepared in accordance with IFRS on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon the continuing financial support of creditors and stockholders, refinancing debts payable, obtaining additional long-term debt or equity financing, as well as achieving and maintaining a profitable level of operations. As the outcome of these matters cannot be predicted at this time, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's primary capital assets are mineral property assets.

	January 31, 2020	January 31, 2019
Working capital deficiency	2,034,655	58,979
Accumulated deficit	7,053,669	5,665,641

## **TRANSACTIONS WITH RELATED PARTIES**

The following balances owing to directors, officers and companies controlled by the directors and officers as at January 31, 2020 and 2019 are:

	January 31, 2020 \$	January 31, 2019 \$
Due to a company controlled by the former President of the Company (*)	1,539,650	1,449,650
Due to the former President of the Company (**)	156,222	106,865
Due to former directors of the Company (*)	233,843	234,393
Due to a company controlled by a former related party (**)	47,282	41,936
	1,976,997	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 year ended January 31, 2020, the Company recognized \$16,338 (2019 - \$13,648) in interest expense.

The Company had the following transactions with a former director of the Company and key management personnel during the year ended January 31, 2020 and 2019:

	January 31, 2020 \$	January 31, 2019 \$
Management fees	90,000	90,000

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The details of Freeport's accounting policies are presented in Note 2 of the audited financial statements for the year ended January 31, 2020. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's audited financial statements and the uncertainties that could have a bearing on its financial results.

## **ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Our significant accounting policies are set out in Note 2 of the audited financial statements for the year ended January 31, 2020.

## **FINANCIAL RISK MANAGEMENT**

The Company's financial instruments consist of cash, receivables, marketable securities, trades payables and amounts owing to related parties. The Company has exposures to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are liquidity risk and funding risk.

### Fair Value

As at January 31, 2020, the Company's financial instruments consist of cash, trade payables and amounts due to related parties. The fair values of cash, trade payables and amounts due to related parties approximate their carrying values because of their current nature.

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

### Credit risk

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

### Foreign currency risk

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

### Interest rate risk

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

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting processing place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. Liquidity risk is assessed as high.

## **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, 2020.

## **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCING REPORTING**

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

The information on the Company's share capital including numbers of shares outstanding, details of any conversion features, number of shares issuable on conversion of stock options and warrants, etc. are detailed in the Company's audited annual financial statements. The number of common shares outstanding as of the date of this report is 3,366,246 shares.