

**FREEMAN GOLD CORP.**  
**(Formerly Lodge Resources Inc.)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the Three and Nine Months ended August 31, 2021**

(Expressed in Canadian dollars)

Unaudited

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

**FREEMAN GOLD CORP.****(Formerly Lodge Resources Inc.)****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION****(Expressed in Canadian dollars - Unaudited)**

|  | Note | August 31,<br>2021<br>\$ | November 30,<br>2020<br>\$ |
|--|------|--------------------------|----------------------------|
| <b>ASSETS</b>                                      |      |                          |                            |
| <b>Current assets</b>                              |      |                          |                            |
| Cash   |      | 957,621                  | 5,066,930                  |
| Receivables  | 4    | 33,168                   | 108,328                    |
| Prepaid expenses and deposits                      | 5    | 52,222                   | 121,287                    |
| <b>Total current assets</b>                        |      | <b>1,043,011</b>         | <b>5,296,545</b>           |
| <b>Non-current assets</b>                          |      |                          |                            |
| Advances for exploration and evaluation activities |      | -                        | 40,161                     |
| Property, plant and equipment                      | 6    | 182,271                  | 238,295                    |
| Exploration and evaluation assets                  | 7    | 10,326,248               | 8,604,289                  |
|  |      | 10,508,519               | 8,882,745                  |
| <b>TOTAL ASSETS</b>                                |      | <b>11,551,530</b>        | <b>14,179,290</b>          |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>        |      |                          |                            |
| <b>Current liabilities</b>                         |      |                          |                            |
| Accounts payable and accrued liabilities           | 8    | 97,349                   | 910,792                    |
| <b>SHAREHOLDERS' EQUITY</b>                        |      |                          |                            |
| Share capital                                      | 10   | 21,872,368               | 21,384,559                 |
| Reserves   | 10   | 3,271,115                | 3,168,691                  |
| Deficit  |      | (13,689,302)             | (11,284,752)               |
| <b>Total Shareholders' Equity</b>                  |      | <b>11,454,181</b>        | <b>13,268,498</b>          |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |      | <b>11,551,530</b>        | <b>14,179,290</b>          |

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

**Approved by the Board of Directors on October 12, 2021:**

*"Simon Marcotte"*  
Simon Marcotte, Director

*"Victor Cantore"*  
Victor Cantore, Director

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

**FREEMAN GOLD CORP.****(Formerly Lodge Resources Inc.)****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****(Expressed in Canadian dollars, except number of shares - Unaudited)**

|   | Three months ended |                 | Nine months ended |                 |
|---|--------------------|-----------------|-------------------|-----------------|
|   | August 31, 2021    | August 31, 2020 | August 31, 2021   | August 31, 2020 |
|   | \$                 | \$              | \$                | \$              |
| <b>EXPENSES</b>   |                    |                 |                   |                 |
| Bank charges  |                    | 489             | 893               | 2,489           |
| Consulting  | 9                  | 285,750         | 456,222           | 686,455         |
| General and administrative                                  |                    | 10,177          | 3,491             | 70,834          |
| Listing expense   | 3                  | -               | -                 | 6,887,417       |
| Marketing fees  |                    | 171,393         | 415,438           | 898,393         |
| Professional fees   |                    | 39,128          | 218,579           | 106,178         |
| Project investigation                                       |                    | 12,752          | -                 | 12,752          |
| Regulatory and filing fees                                  |                    | 16,192          | 44,684            | 59,429          |
| Share-based compensation                                    | 9,10               | 1,075,220       | 733,474           | 1,285,030       |
| <b>Net and comprehensive loss</b>                           |                    | (1,611,101)     | (1,872,781)       | (3,121,560)     |
| <b>Basic and diluted loss per common share</b>              |                    | (0.02)          | (0.03)            | (0.04)          |
| <b>Weighted average number of common shares outstanding</b> |                    | 81,453,170      | 63,716,594        | 81,443,349      |

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**FREEMAN GOLD CORP.**  
**(Formerly Lodge Resources Inc.)**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian dollars, except number of shares - Unaudited)

|  | Share Capital |                   |                   |                  |                     |                   |
|--|---------------|-------------------|-------------------|------------------|---------------------|-------------------|
|  | Note          | Number of shares  | Amount            | Reserves         | Total shareholders' |                   |
|  |               | outstanding       | \$                | \$               | Deficit             | equity            |
|  |               |                   |                   |                  | \$                  |                   |
| Balance at November 30, 2019   |               | 15,740,000        | 432,620           | -                | (35,845)            | 396,775           |
| Issuance of common shares pursuant to private placement              |               | 15,000,000        | 750,000           | -                | -                   | 750,000           |
| Share-based compensation prior to RTO transaction                    |               | -                 | -                 | 112,000          | -                   | 112,000           |
| Exercise of stock options prior to RTO transaction                   |               | 3,000,000         | 262,000           | (112,000)        | -                   | 150,000           |
| Recognition of equity on RTO transaction                             |               | 14,257,770        | 5,988,263         | 504,435          | -                   | 6,492,698         |
| Finder's shares issued on RTO transaction                            |               | 3,500,000         | 1,470,000         | -                | -                   | 1,470,000         |
| Elimination of 113BC shares on RTO                                   |               | (33,740,000)      | -                 | -                | -                   | -                 |
| Replacement of shares of 113BC on RTO                                |               | 33,740,000        | -                 | -                | -                   | -                 |
| Issuance of common shares and warrants pursuant to private placement |               | 4,268,911         | 1,049,652         | 444,467          | -                   | 1,494,119         |
| Issuance of common shares pursuant to private placement              |               | 20,690,000        | 10,345,000        | -                | -                   | 10,345,000        |
| Share issuance costs   |               | -                 | (954,800)         | -                | -                   | (954,800)         |
| Issuance of finders' warrants  |               | -                 | (554,336)         | 554,336          | -                   | -                 |
| Exercise of stock options  |               | 200,000           | 95,346            | (75,346)         | -                   | 20,000            |
| Exercise of warrants   |               | 13,500            | 6,022             | (4,672)          | -                   | 1,350             |
| Share-based compensation   |               | -                 | -                 | 828,384          | -                   | 828,384           |
| Net loss for the period  |               | -                 | -                 | -                | (9,297,514)         | (9,297,514)       |
| Balance at August 31, 2020   |               | 76,670,181        | 18,889,767        | 2,251,604        | (9,333,359)         | 11,808,012        |
| Issuance of common shares for acquisition of property rights         |               | 4,410,273         | 2,323,342         | -                | -                   | 2,323,342         |
| Finder's shares issued for acquisition of property rights            |               | 260,000           | 135,200           | -                | -                   | 135,200           |
| Exercise of warrants   |               | 60,000            | 36,250            | (6,250)          | -                   | 30,000            |
| Share-based compensation   |               | -                 | -                 | 923,337          | -                   | 923,337           |
| Net loss   |               | -                 | -                 | -                | (1,951,393)         | (1,951,393)       |
| Balance at November 30, 2020   |               | 81,400,454        | 21,384,559        | 3,168,691        | (11,284,752)        | 13,268,498        |
| Exercise of warrants   | 10            | 52,716            | 36,673            | (12,315)         | -                   | 24,358            |
| Share issuance costs   |               | -                 | (2,145)           | -                | -                   | (2,145)           |
| Share-based compensation   | 10            | -                 | -                 | 1,285,030        | -                   | 1,285,030         |
| Cancellation of options  | 10            | -                 | -                 | (717,010)        | 717,010             | -                 |
| Expiry of warrants   | 10            | -                 | 453,281           | (453,281)        | -                   | -                 |
| Net loss for the period  |               | -                 | -                 | -                | (3,121,560)         | (3,121,560)       |
| <b>Balance at August 31, 2021</b>                                    |               | <b>81,453,170</b> | <b>21,872,368</b> | <b>3,271,115</b> | <b>(13,689,302)</b> | <b>11,454,181</b> |

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

**FREEMAN GOLD CORP.**  
**(Formerly Lodge Resources Inc.)**

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS  
(Expressed in Canadian dollars - Unaudited)

|   | Nine months ended |                 |
|---|-------------------|-----------------|
|   | August 31, 2021   | August 31, 2020 |
|   | \$                | \$              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                 |
| Loss for the period   | (3,121,560)       | (9,297,514)     |
| Items not affecting cash:   |                   |                 |
| Listing expense   | -                 | 6,887,417       |
| Share-based compensation  | 1,285,030         | 940,384         |
| Changes in non-cash working capital items:  |                   |                 |
| Receivables   | 75,160            | (66,925)        |
| Prepaid expenses  | 69,065            | 29,959          |
| Due to former shareholders  | -                 | (10,000)        |
| Accounts payable and accrued liabilities  | (299,636)         | (19,146)        |
| Cash used in operating activities   | (1,991,941)       | (1,535,825)     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                 |
| Cash acquired on RTO transaction  | -                 | 199,821         |
| Transaction costs incurred in connection with RTO   | -                 | (228,101)       |
| Purchase of equipment and vehicles  | (9,060)           | (180,510)       |
| Advances for exploration and evaluation activities  | -                 | (308,678)       |
| Expenditures for exploration and evaluation assets  | (2,130,521)       | (2,250,724)     |
| Cash used in investing activities   | (2,139,581)       | (2,768,192)     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |                 |
| Proceeds from private placements  | -                 | 12,589,119      |
| Share issuance costs  | (2,145)           | (954,800)       |
| Repayment of advances   | -                 | (266,000)       |
| Proceeds from exercise of stock options   | -                 | 170,000         |
| Proceeds from exercise of warrants  | 24,358            | 1,350           |
| Advance received on RTO transaction   | -                 | 1,300,000       |
| Cash provided by financing activities   | 22,213            | 12,839,669      |
| <b>Change in cash during the period</b>   | (4,109,309)       | 8,535,652       |
| <b>Cash, beginning of period</b>  | 5,066,930         | 541             |
| <b>Cash, end of period</b>  | 957,621           | 8,536,193       |
| <b>Supplemental Cash Flow Information:</b>  |                   |                 |
| Evaluation and exploration expenditures included in accounts payable                              | 56,293            | 120,243         |
| Depreciation of property, plant and equipment included in exploration and evaluation expenditures | 65,084            | -               |
| Equipment and vehicle expenditures included in accounts payable                                   | -                 | 26,070          |
| Advances for exploration and evaluation expenditures  | 40,161            | -               |
| Shares, warrants and stock options issued in connection with RTO                                  | -                 | 7,962,698       |

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

## **FREEMAN GOLD CORP.**

**(Formerly Lodge Resources Inc.)**

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

August 31, 2021 and August 31, 2020

(Expressed in Canadian dollars, unless otherwise noted - Unaudited)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY**

Freeman Gold Corp. (formerly Lodge Resources Inc.) (the "Company") was incorporated in the Province of British Columbia on October 24, 2018, under the Business Corporations Act of British Columbia. The Company is in the business of exploring exploration and evaluation assets. The Company's registered office is Suite 1500 – 1055 W. Georgia Street, Vancouver BC V6E 4N7 and its business office is located at 1570 – 505 Burrard Street, Vancouver, BC V7X 1M5. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "FMAN".

On April 16, 2020, (the "Closing Date"), the Company completed a share exchange transaction (the "RTO") with 1132144 B.C. Ltd. ("113BC"), the parent company of Lower 48 Resources Inc. ("Lower 48 BC") and Lower 48 Resources (Idaho) LLC ("Lower 48"), whereby the Company acquired all of the issued and outstanding common shares of 113BC through the issuance of 33,740,000 common shares of the Company, subject to escrow terms (see Note 10) to 113BC's shareholders. Additionally, the Company issued 3,500,000 common shares as finder fee shares to an arm's length finder that facilitated the RTO. Prior to the Closing Date, 14,257,770 common shares of the Company were outstanding. Following the Closing Date, 51,497,770 common shares of the Company were outstanding, with 66% of the Company's shares held by shareholders of 113BC.

Management determined that the RTO transaction constituted a reverse acquisition for accounting purposes whereby 113BC acquired the Company. For accounting purposes, 113BC is treated as the accounting acquirer (legal subsidiary), and the Company is treated as the accounting acquiree (legal parent) in these condensed consolidated interim financial statements. As 113BC was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these condensed consolidated interim financial statements at their historical carrying values. The Company's results of operations are included from the Closing Date. The comparative figures are those of 113BC prior to the reverse acquisition.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at August 31, 2021, the Company is not able to finance day to day activities through operations and has an accumulated deficit of \$13,689,302. The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds therefrom. This indicates 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 with loans from directors and companies controlled by directors and/or issuance of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

On March 11, 2020, the World Health Organization declared the global outbreak of a novel coronavirus identified as "COVID-19" a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

**FREEMAN GOLD CORP.****(Formerly Lodge Resources Inc.)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

August 31, 2021 and August 31, 2020

(Expressed in Canadian dollars, unless otherwise noted - Unaudited)

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**2. BASIS OF PRESENTATION****a) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with *International Accounting Standard 34 - Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. As such, these condensed consolidated interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company’s audited annual consolidated financial statements for the years ended November 30, 2020 and 2019.

These condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on October 12, 2021.

**b) Basis of presentation**

These condensed consolidated interim financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income and expense as set out in the accounting policies below.

**c) Functional and presentation currency**

The presentation and functional currency of the Company and its subsidiaries is considered to be the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**d) Basis of consolidation**

These condensed consolidated interim financial statements include the accounts of the Company, and its wholly-owned subsidiaries including Lodge Minerals Inc., 113BC, Lower 48 BC and Lower 48 (see Notes 1 and 3). Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation.

**e) Significant accounting estimates and judgments**

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

## **FREEMAN GOLD CORP.**

**(Formerly Lodge Resources Inc.)**

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

August 31, 2021 and August 31, 2020

(Expressed in Canadian dollars, unless otherwise noted - Unaudited)

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## **2. BASIS OF PRESENTATION**

### **e) Significant accounting estimates and judgments (continued)**

#### **(i) Critical accounting estimates**

##### Valuation of options and warrants

The fair value of common share purchase options and warrants granted is determined at the issue date using the Black-Scholes pricing model. The fair value of common shares issued for finders' fees are based on the closing price of the transaction those fees pertain to.

##### Current and deferred taxes

The determination of tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. Management also makes estimates of future earnings which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. Management provides for such differences where known based on its best estimate of the probable outcome of these matters.

#### **(ii) Critical accounting judgments**

##### Assessment of transactions as asset acquisitions or business combinations

Management has had to apply judgment relating to the reverse takeover transaction between 113BC and the Company with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of each acquisition in order to reach a conclusion.

##### Going Concern

Presentation of the condensed consolidated interim financial statements as a going concern assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

##### Functional Currency

In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary company, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

##### Impairment of exploration and evaluation assets

Management is required to assess impairment in respect to the Company's intangible mineral property interests. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves.

### **f) Accounting standards and interpretations issued but not yet adopted**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements. Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**FREEMAN GOLD CORP.****(Formerly Lodge Resources Inc.)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

August 31, 2021 and August 31, 2020

(Expressed in Canadian dollars, unless otherwise noted - Unaudited)

**3. REVERSE TAKEOVER TRANSACTION**

Pursuant to the RTO transaction, on April 16, 2020, the Company issued 33,740,000 shares in exchange for all the issued and outstanding shares of 113BC, whereby 113BC and its subsidiaries Lower 48 BC and Lower 48 became wholly owned subsidiaries of the Company. For accounting purposes, the acquisition was considered a reverse takeover whereby the Company was deemed to be the acquiree and 113BC the acquirer. The Company did not meet the definition of a business, therefore the acquisition is outside of the scope of *IFRS 3 Business Combinations*, instead, the RTO was accounted for under *IFRS 2 Share-based Payments*. Accordingly, no goodwill or intangible assets were recorded with respect to the RTO transaction.

Under this basis of accounting, the consolidated entity is considered to be a continuation of the Company, with the net identifiable assets of the Company deemed to have been acquired by 113BC at fair value as at April 16, 2020.

For purposes of the RTO, the consideration paid and the fair value of the net assets (liabilities) of the Company at April 16, 2020 is as follows:

|   |                       |
|---|-----------------------|
| <u>Net assets (liabilities) of the Company acquired (assumed)</u> | <u>April 16, 2020</u> |
|   | \$                    |
| Cash  | 199,821               |
| Prepaid expenses and GST receivable                               | 296,725               |
| Exploration assets  | 55,208                |
| Receivable from 113BC   | 1,300,000             |
| Accounts payable and accrued liabilities                          | (282,372)             |
| Advances payable  | (266,000)             |
| <u>Net assets (liabilities) aquired (assumed)</u>                 | <u>1,303,382</u>      |
| <br>  |                       |
| <u>Consideration paid</u>   | <u>\$</u>             |
| Common shares issued (1)  | 5,988,263             |
| Finder's shares issued  | 1,470,000             |
| Warrants and stock options issued                                 | 504,435               |
| <u>Total consideration paid</u>                                   | <u>7,962,698</u>      |
| <u>Add: Professional fees incurred for RTO</u>                    | <u>228,101</u>        |
| <u>Purchase price</u>   | <u>8,190,799</u>      |
| <u>Listing expense</u>  | <u>6,887,417</u>      |

- (1) The fair value of common shares of the Company issued as consideration was determined based on the fair value of the 14,257,770 common shares outstanding prior to the RTO Transaction of \$0.42 per common share.

**FREEMAN GOLD CORP.****(Formerly Lodge Resources Inc.)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

August 31, 2021 and August 31, 2020

(Expressed in Canadian dollars, unless otherwise noted - Unaudited)

**4. RECEIVABLES**

|                                   | August 31,<br>2021 | November 30,<br>2020 |
|-----------------------------------|--------------------|----------------------|
|                                   | \$                 | \$                   |
| Goods and services tax receivable | 33,168             | 102,353              |
| Other receivables                 | -                  | 5,975                |
| Total receivables                 | 33,168             | 108,328              |

**5. PREPAID EXPENSES AND DEPOSITS**

|                                     | August 31,<br>2021 | November 30,<br>2020 |
|-------------------------------------|--------------------|----------------------|
|                                     | \$                 | \$                   |
| Marketing                           | 15,703             | 89,689               |
| Insurance                           | 1,190              | 22,989               |
| Regulatory and filing fees          | 16,859             | -                    |
| Rent                                | 4,597              | -                    |
| Software                            | 11,206             | -                    |
| Other                               | 2,667              | 8,609                |
| Total prepaid expenses and deposits | 52,222             | 121,287              |

**6. PROPERTY, PLANT AND EQUIPMENT**

|                              | Equipment | Vehicles | Total   |
|------------------------------|-----------|----------|---------|
|                              | \$        | \$       | \$      |
| Cost                         |           |          |         |
| Balance at November 30, 2020 | 56,499    | 197,797  | 254,296 |
| Additions                    | 620       | 8,440    | 9,060   |
| Balance at August 31, 2021   | 57,119    | 206,237  | 263,356 |
| Amortization                 |           |          |         |
| Balance at November 30, 2020 | 2,265     | 13,736   | 16,001  |
| Additions (Note 7)           | 14,228    | 50,856   | 65,084  |
| Balance at August 31, 2021   | 16,493    | 64,592   | 81,085  |
| Net book value               |           |          |         |
| Balance at November 30, 2020 | 54,234    | 184,061  | 238,295 |
| Balance at August 31, 2021   | 40,626    | 141,645  | 182,271 |

**FREEMAN GOLD CORP.****(Formerly Lodge Resources Inc.)****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

August 31, 2021 and August 31, 2020

(Expressed in Canadian dollars, unless otherwise noted - Unaudited)

**7. EXPLORATION AND EVALUATION ASSETS**

The Company's exploration and evaluation assets for the nine months ended August 31, 2021 and the year ended November 30, 2020 are as follows:

| Period ended August 31, 2021                    | Lemhi     |           |            |
|---|-----------|-----------|------------|
|   | \$        |           |            |
| Property acquisition costs                      |           |           |            |
| Balance at December 1, 2020                     |           |           | 5,260,586  |
| Additions                                       |           |           | 259,222    |
|   |           |           | 5,519,808  |
| Exploration and evaluation costs                |           |           |            |
| Balance at December 1, 2020                     |           |           | 3,343,703  |
| Costs incurred during period:                   |           |           |            |
| Amortization of equipment and vehicles (Note 6) |           |           | 65,084     |
| Assaying and sampling                           |           |           | 465,514    |
| Camp and accommodations                         |           |           | 8,576      |
| Drilling  |           |           | 85,833     |
| Fees and taxes                                  |           |           | 4,530      |
| Geological                                      |           |           | 714,192    |
| Metallurgy                                      |           |           | 119,008    |
|   |           |           | 4,806,440  |
| Balance at August 31, 2021                      |           |           | 10,326,248 |
|   |           |           |            |
| Year ended November 30, 2020                    | Comstock  | Lemhi     | Total      |
|   | \$        | \$        | \$         |
| Property acquisition costs                      |           |           |            |
| Balance at December 1, 2019                     | -         | 451,072   | 451,072    |
| Additions                                       | 25,000    | 4,809,514 | 4,834,514  |
| Impairment                                      | (25,000)  | -         | (25,000)   |
|   | -         | 5,260,586 | 5,260,586  |
| Exploration and evaluation costs                |           |           |            |
| Balance at December 1, 2019                     | -         | 29,957    | 29,957     |
| Costs incurred during year:                     |           |           |            |
| Assaying and sampling                           | -         | 120,967   | 120,967    |
| Camp and accommodations                         | -         | 71,112    | 71,112     |
| Amortization of equipment and vehicles          | -         | 16,001    | 16,001     |
| Drilling  | -         | 2,389,753 | 2,389,753  |
| Geological                                      | 144,599   | 715,913   | 860,512    |
| Impairment                                      | (144,599) | -         | (144,599)  |
|   | -         | 3,343,703 | 3,343,703  |
| Balance at November 30, 2020                    | -         | 8,604,289 | 8,604,289  |

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**7. EXPORATION AND EVALUATION ASSETS (Continued)****Comstock Property**

The Company's wholly owned subsidiary, Lodge Minerals Inc., entered into an option agreement (the "Comstock Option") dated October 31, 2018, with an arm's-length party to acquire 100% of mineral claims located in British Columbia, known as the Comstock Property. Pursuant to the Comstock Option, the Company, was required to issue common shares and make certain payments and expenditures. The optionor retained a 2% net smelter return royalty ("NSR") and the Company had the option to acquire 1% of the NSR by paying a one-time sum of \$1,000,000 at any time prior to the commencement of commercial production on the property. The Company issued 100,000 common shares with a fair value of \$10,000, cash payments of \$15,000 and incurred the minimum of \$100,000 in exploration expenditures required by the option agreement. During the year ended November 30, 2020, the Company decided not to continue with the purchase of the option and recorded an impairment of \$169,599 on the property in the statement of loss and comprehensive loss for the year ended November 30, 2020.

**Lemhi Property**

On October 16, 2019, the Company entered into an option agreement to acquire 100% of the rights and interest in certain mining claims located in Lemhi County, Idaho for USD \$1,615,000 (\$1,872,002) (paid).

On August 19, 2019, the Company entered into an option agreement to acquire a 100% interest in an additional 46 unpatented mining claims located in Lemhi County, Idaho. In order to exercise the option, the Company is required to make the following payments:

- i) USD \$75,000 within 3 days of the effective date (paid - \$101,475);
- ii) USD \$50,000 on or before the first anniversary of the effective date (paid - \$67,531);
- iii) USD \$50,000 on or before the second anniversary of the effective date (paid - \$62,772);
- iv) USD \$50,000 on or before the third anniversary of the effective date;
- v) USD \$75,000 on or before the fourth anniversary of the effective date;
- vi) USD \$75,000 on or before the fifth anniversary of the effective date;
- vii) USD \$75,000 on or before the sixth anniversary of the effective date; and
- viii) USD \$550,000 on or before the seventh anniversary of the effective date.

On September 8, 2020, the Company acquired and extinguished a back-in right from Yamana Gold Inc. ("Yamana") over the Lemhi Project for the issuance of 4,035,273 common shares with a fair value of \$2,098,342. In connection with the transaction the Company issued finder's fees consisting of 260,000 common shares of the Company with a fair value of \$135,200.

On September 15, 2020, the Company acquired 100% ownership of the Moon #100 and Moon #101 unpatented mining claims ("Moon Claims"), located within the Lemhi project for cash consideration of \$199,950 (US \$150,000) and the issuance of 375,000 common shares of the Company with a fair value of \$225,000. In the current year, this agreement was revised, requiring the payment of an additional USD \$100,000 (\$124,546) (paid).

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                           | August 31, 2021 | November 30, 2020 |
|---------------------------|-----------------|-------------------|
|                           | \$              | \$                |
| Accounts payable (Note 9) | 97,349          | 859,100           |
| Accrued liabilities       | -               | 51,692            |
|                           | 97,349          | 910,792           |

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**9. RELATED PARTY TRANSACTIONS****Key management compensation**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and senior corporate officers. The Company entered into the following transactions with related parties during the nine months ended August 31, 2021, and 2020:

| <b>Period ended</b>  | <b>August 31, 2021</b> | <b>August 31, 2020</b> |
|--|------------------------|------------------------|
|  | \$                     | \$                     |
| Consulting fees paid to the former CEO                                 | -                      | 2,100                  |
| Consulting fees paid to a company controlled by the CEO                | 150,000                | 151,417                |
| Consulting fees paid to a company controlled by the former CFO         | -                      | 40,000                 |
| Consulting fees paid to the CFO and to a company controlled by the CFO | 238,500                | -                      |
| Consulting and equipment rental fees paid to the VP, Exploration       | 140,810                | 63,000                 |
| Consulting fees paid to the VP, Development                            | 36,000                 | 20,000                 |
| Consulting fees paid to a company controlled by a director             | -                      | 84,750                 |
| Share-based compensation paid to officers and directors                | 760,509                | 712,811                |
|  | <u>1,325,819</u>       | <u>1,074,078</u>       |

Consulting fees paid to related parties in the amount of \$169,500 are included in listing expense in the condensed consolidated interim statement of loss and comprehensive loss for the period ended August 31, 2020.

Included in accounts payable at August 31, 2021 is \$1,745 (November 30, 2020 - \$35,556) owing to related parties. Amounts due to related parties are unsecured, non-interest bearing and have no specified terms of repayment.

On July 23, 2021, the Company issued 1,000,000 restricted share units ("RSUs") (period ended August 31, 2020 – Nil) to the Chief Financial Officer and to the Executive Chairman of the board. The RSUs expire three years from the date of issue and vest upon the occurrence of any one of the following events:

- 1) The Company is sold;
- 2) The participant resigns;
- 3) The participant is terminated without cause; or
- 4) The participant is otherwise unable to perform services for the Company.

**10. SHARE CAPITAL****a) Authorized share capital**

Unlimited number of common shares without par value.

**b) Common share transactions**

During the nine-month period ended August 31, 2021, the Company issued 52,716 common shares for proceeds of \$24,358 pursuant to the exercise of 52,716 warrants and reclassified \$12,315 from reserves to share capital.

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**10. SHARE CAPITAL (Continued)****c) Warrants**

The following is a summary of the Company's warrant transactions for the nine months ended August 31, 2021:

|                              | Number of Warrants | Weighted Average Exercise Price (\$) |
|------------------------------|--------------------|--------------------------------------|
| Balance at November 30, 2020 | 5,803,341          | 0.49                                 |
| Exercised                    | (52,716)           | 0.46                                 |
| Expired                      | (4,270,451)        | 0.50                                 |
| Balance at August 31, 2021   | 1,480,174          | 0.48                                 |

Warrants outstanding at August 31, 2021 are as follows:

| Exercise Price (\$) | Number of Shares | Expiry Date      |
|---------------------|------------------|------------------|
| 0.10                | 80,880           | November 8, 2021 |
| 0.50                | 1,399,294        | July 28, 2022    |
|                     | 1,480,174        |                  |

The weighted average remaining life of warrants is 0.87 years.

**d) Stock Options**

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with Exchange policies, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares issued and outstanding from time to time. Such options are non-transferable and are exercisable at a price per share not below the closing traded price on the date of grant for a period of up to ten years from the date of grant.

The following is a summary of the Company's stock options for the period ended August 31, 2021:

|                                | Number of Options | Weighted Average Exercise Price \$ |
|--------------------------------|-------------------|------------------------------------|
| Balance November 30, 2020      | 5,140,000         | 0.57                               |
| Granted                        | 3,700,000         | 0.40                               |
| Cancelled                      | (1,790,000)       | 0.53                               |
| Balance August 31, 2021        | 7,050,000         | 0.50                               |
| Exercisable at August 31, 2021 | 7,050,000         | 0.50                               |

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**10. SHARE CAPITAL (Continued)****d) Stock Options (continued)**

The fair value of the stock options granted during the periods ended August 31, 2021, and 2020 was estimated using the Black-Scholes pricing model with the following assumptions:

| Period ended             | August 31, 2021 | August 31, 2020 |
|--------------------------|-----------------|-----------------|
| Risk-free interest rate  | 0.87%           | 1.02%           |
| Expected life of options | 5 years         | 5 years         |
| Annualized volatility    | 125.00%         | 125.00%         |
| Dividend rate            | 0%              | 0%              |

During the nine-month periods ended August 31, 2021, and 2020, the Company incurred \$1,285,030 and \$940,384, in share-based compensation expense related to the vesting of stock options.

Stock options outstanding at August 31, 2021 are as follows:

| Exercise Price<br>(\$) | Number of Shares Issuable<br>on Exercise | Expiry Date     |
|------------------------|--|-----------------|
| 0.60                   | 2,050,000                                | May 27, 2025    |
| 0.60                   | 1,300,000                                | October 6, 2025 |
| 0.40                   | 3,700,000                                | August 31, 2026 |
|                        | 7,050,000                                |                 |

The weighted average remaining life of stock options is 4.32 years.

**e) Restricted Share Units**

During the period ended August 31, 2021, the Company adopted a restricted share unit plan (the "RSU Plan") to promote and advance the interests of the Company by (i) providing eligible persons (as defined in the RSU Plan) with additional incentive through an opportunity to receive discretionary bonuses in the form of shares of the Company, (ii) encouraging stock ownership by such eligible persons, (iii) increasing the proprietary interest of eligible persons in the success of the Company, and (iv) increasing the ability to attract, retain and motivate eligible persons.

The proposed RSU Plan provides that RSUs may be granted by the Board or a committee or member of the Board as the administrator of the RSU Plan, to directors, officers, employees, and consultants of the Company. The maximum number of shares made available for issuance pursuant to the RSU Plan shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the shares issued and outstanding from time to time, less any shares reserved for issuance under all other share compensation arrangements (including the Company's stock option plan). See Note 9.

## **FREEMAN GOLD CORP.**

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#### **11. FINANCIAL INSTRUMENTS**

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include interest rate risk, credit risk, liquidity risk, and currency risk. The carrying value of the Company's financial instruments approximates their fair value due to their short-term nature. Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair values of other financial instruments, which include cash and accounts payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

**Interest rate risk:** Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has no debt or interest-bearing assets and therefore has minimal interest rate risk.

**Credit risk:** Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, which is held with a high-credit financial institution and amounts receivable from the Government of Canada. As such, the Company's credit exposure is minimal.

**Liquidity risk:** Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company addresses its liquidity through equity financing obtained through the sale of common shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

**Currency risk:** Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange. At August 31, 2021, the Company has US dollar denominated assets of \$15,067 and US dollar denominated liabilities of \$2,574. Based on this net US dollar exposure, at August 31, 2021, a 10% change in the Canadian dollar to the US dollar exchange rate would impact the Company's gain or loss by \$1,249.

The carrying values of the Company's financial assets and liabilities at August 31, 2021 and November 30, 2020, approximate their fair values due to their short-term nature.

#### **12. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity. The Company's primary source of capital is through the issuance of equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

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**13. SUBSEQUENT EVENTS**

On September 7, 2021, the Company closed a non-brokered private placement financing issuing 11,537,692 units at \$0.26 per unit for gross proceeds of \$2,999,800. Each unit consisted of one common share and one common share purchase warrant. Each share purchase warrant is exercisable at a price of \$0.35 per share for 36 months from the date of issuance.