



Financial Statements July 31, 2017 (Unaudited)

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Notice to Reader

The accompanying unaudited interim financial statements of Freeport Resources Inc. for the period ended July 31, 2017 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company's independent auditors.



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FREEPORT RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	Notes	July 31, 2017 \$	January 31, 2017 \$
ASSETS			
Current Assets			
Cash		39,159	67
GST receivable		4,072	7,062
Available-for-sale investment		300	300
Total current assets		43,531	7,429
Non-current assets			
Equipment		314	354
Exploration and evaluation assets	4	1,248,047	1,247,581
Total non-current assets		1,248,361	1,247,935
Total assets		1,291,892	1,255,364
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	5	58,383	65,579
Total current liabilities		58,383	65,579
Non-current Liabilities			
Due to related parties	6	1,677,046	1,568,841
Total non-current liabilities		1,677,046	1,568,841
Total Liabilities		1,735,429	1,634,420
Shareholders' equity (deficiency)			
Share capital	7	4,620,561	4,620,561
Share-based payment reserve	7	398,458	398,458
Deficit		(5,462,556)	(5,398,075)
Total shareholders' equity (deficiency)		(443,537)	(379,056)
Total liabilities and shareholders' equity (deficiency)		1,291,892	1,255,364

Approved for issuance on behalf of the Board of Directors:

"Brenda Clark" Director

"Tracy Clark" Director

The accompanying notes are an integral part of these financial statements

FREEPORT RESOURCES INC.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED JULY 31, 2017
(Expressed in Canadian Dollars)
(Unaudited)

		Three Months Period Ended		Six Months Period Ended	
	Notes	July 31, 2017	July 31, 2016	July 31, 2017	July 31, 2016
		\$	\$	\$	\$
EXPENSES					
Advertising and promotion		200	80	380	260
Amortization		20	26	40	52
Audit and accounting		2,710	2,000	4,710	4,000
Bank charges and interest (recovery)		1,239	(115)	2,071	100
Management fees	6	22,500	22,500	45,000	45,000
Office and general (recovery)		165	(620)	1,030	2,152
Stock exchange fees and licences		1,801	-	7,001	5,200
Telephone		1,429	1,161	2,147	1,977
Transfer agents fees		710	780	2,102	2,125
NET AND COMPREHENSIVE LOSS		(30,774)	(25,812)	(64,481)	(60,866)
LOSS PER COMMON SHARE –					
BASIC AND DILUTED		(0.00)	(0.00)	(0.00)	(0.00)
WEIGHTED AVERAGE NUMBER					
OF COMMON					
SHARES OUTSTANDING –					
BASIC AND DILUTED		16,831,232	16,831,232	16,831,232	16,831,232

The accompanying notes are an integral part of these financial statements

FREEPORT RESOURCES INC.**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)****FOR THE SIX MONTHS ENDED JULY 31, 2017**

(Expressed in Canadian Dollars)

(Unaudited)

	Common shares		Share-based		
	Number	Amount	Payment	Deficit	Total
		\$	Reserve	\$	\$
Balance, January 31, 2016	16,831,232	4,620,561	398,458	(5,269,443)	(250,424)
Loss for the period				(60,866)	(60,866)
Balance, July 31, 2016	16,831,232	4,620,561	398,458	(5,330,309)	(311,290)
Balance, January 31, 2017	16,831,232	4,620,561	398,458	(5,398,075)	(379,056)
Loss for the period				(64,481)	(64,481)
Balance, July 31, 2017	16,831,232	4,620,561	398,458	(5,462,556)	(443,537)

The accompanying notes are an integral part of these financial statements

FREEPORT RESOURCES INC.**STATEMENTS OF CASH FLOWS****FOR THE SIX MONTHS ENDED JULY 31, 2017**

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Period Ended		Six Months Period Ended	
	July 31, 2017	July 31, 2016	July 31, 2017	July 31, 2016
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	(30,774)	(25,812)	(64,481)	(60,866)
Adjustments for non-cash items				
Amortization	20	26	40	52
Working capital adjustments:				
GST receivable	3,446	329	2,990	(5,411)
Trade payables and accrued liabilities	(10,353)	(17,206)	(7,196)	37,091
Amounts due to related parties	76,901	43,000	108,205	77,685
Net cash used in operating activities	39,240	337	39,558	48,551
CASH FLOWS FROM IN INVESTING ACTIVITIES				
Exploration and evaluation assets	(130)	(4)	(466)	(49,645)
Net cash provided by investing activities	(130)	(4)	(466)	(49,645)
Decrease in cash	39,110	333	39,092	(1,094)
Cash, beginning	49	263	67	1,690
Cash, ending	39,159	596	39,159	596

The accompanying notes are an integral part of these financial statements

FREEPORT RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2017
(Expressed in Canadian Dollars)
(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Freeport Resources Inc. (the “Company”) is incorporated in British Columbia and is listed on the TSX Venture Exchange (“TSX-V”). The Company is a Canadian junior mineral exploration company with a diversified portfolio of exploration and evaluation assets in Newfoundland and Labrador (NL) and British Columbia (BC).

The Company’s head office, principal address and registered and records office are located at 8711 Elsmore Road, Richmond, B.C., V7C 2A4.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at July 31, 2017, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and or private placement of common shares.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements were authorized for issue on September 20, 2017 by the directors of the Company.

Statement of compliance and conversion to International Financial Reporting Standards

The interim financial statements have been prepared in accordance to IAS 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted. These interim financial statements do not include all the information required for full annual financial statements. The interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended January 31, 2017. The accounting policies, methods of computation and presentation applied in these financial statements are consistent with those of the previous financial year.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets and the recoverability and measurement of deferred tax assets.

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

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

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.

4. EXPLORATION AND EVALUATION ASSETS

	Hutton Property NL, Canada \$	Red Rose Mine BC, Canada \$	Q (Eaglet) Property BC, Canada \$	Spanish Mountain Gold Property BC, Canada \$	Tsirku- Jarvis Property BC, Canada \$	Total \$
Acquisition costs:						
Balance, January 31, 2017						
And July 31, 2017	-	15,000	-	-	-	15,000
Exploration and evaluation costs:						
Balance, January 31, 2017	1,218,400	14,180	-	-	1	1,232,581
Additions:						
Field expenditures	466	-	-	-	-	466
	1,218,866	14,180	-	-	1	1,233,047
Balance, July 31, 2017	1,218,866	29,180	-	-	1	1,248,047

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4. EXPLORATION AND EVALUATION ASSETS (continued)

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

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

During the year ended January 31, 2016, the Company determined that its future plans relating to certain of its exploration and evaluation assets as uncertain and therefore recorded an impairment of \$270,237 reducing the carrying value of those properties to their estimated fair value.

5. TRADE PAYABLES AND ACCRUED LIABILITIES

	July 31, 2017 \$	January 31, 2017 \$
Trade payables	54,383	57,579
Accrued liabilities	4,000	8,000
Total	58,383	65,579

6. RELATED PARTIES TRANSACTIONS

The following balances owing to directors, officers and companies controlled by the directors and officers as at July 31, 2017 and January 31, 2017 are unsecured, non-interest bearing. The following balances are due on June 1, 2018.

	July 31, 2017 \$	January 31, 2017 \$
Due to a company controlled by the President of the Company	1,314,650	1,269,650
Due to the President of the Company	92,717	64,512
Due to former directors of the Company	269,679	234,679
	1,677,046	1,568,841

The Company had the following transactions with a director of the Company and key management personnel during the period ended July 31, 2017 and 2016.

	July 31, 2017 \$	July 31, 2016 \$
Management fees	45,000	45,000

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7. SHARE CAPITAL

Authorized share capital

Unlimited common shares without par value.

Stock options

The Company has a stock option plan allowing for the granting of options to the Company's directors, officers, employees, consultants and other service providers. Under this plan, the exercise price shall be determined by the Board of Directors or its designated committee (collectively the "Committee") at the time the option is granted, provided the exercise price shall not be less than the market price less applicable discounts permitted by the TSX-V. All options granted shall vest in six equal installments over a period of 18 months, with the first installment vesting immediately and the remaining options vesting upon six months, nine months, one year, 15 months and 18 months after the date of grant. The option period shall be determined by the Committee at the time of the grant and may be up to ten years from the date of the grant.

There was no stock option granted during the period ended July 31, 2017 and year ended January 31, 2017.

There were no stock options outstanding during the period ended July 31, 2017 and year ended January 31, 2017.

Share-based payment reserve

Share-based payment reserve records the fair value of warrants and options issued for services until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. CAPITAL MANAGEMENT

The Company manages its capital structure which consists of working and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The exploration and evaluation assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the period ended July 31, 2017.

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9. FINANCIAL RISK MANAGEMENT

Classification of financial instruments

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

	July 31, 2017 \$	January 31, 2017 \$
Loans and receivables:		
Cash	39,159	67
Available for sale financial assets:		
Available-for-sale investment	300	300
	39,459	367

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

	July 31, 2017 \$	January 31, 2017 \$
Non-derivative financial liabilities		
Trade payables	58,383	65,579
Due to related parties	1,677,046	1,568,841
	1,735,429	1,634,420

Fair Value

As at July 31, 2017, the Company's financial instruments consisted of cash, sales, available-for-sale investment, trade payables and amounts due to related parties. The fair values of cash and trade payables approximate their carrying values because of their current nature. The fair value of amounts due to related parties is not determinable.

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

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9. FINANCIAL RISK MANAGEMENT (continued)

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

	As at July 31, 2017		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	39,159	-	-
Marketable securities	300	-	-
	39,459	-	-

	As at January 31, 2017		
	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	67	-	-
Marketable securities	300	-	-
	367	-	-

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.

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9. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

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

Price risk

The Company is exposed to price risk with respect to equity price since the Company possess investments in publicly traded securities. The Company's maximum exposure to risk on its available-for-sale investment is \$300.