



FREMONT

GOLD LTD

Fremont Gold Ltd.

An Exploration Stage Company

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
(Unaudited)

THREE MONTHS ENDED JUNE 30, 2020

NOTICE

These unaudited interim consolidated financial statements have been prepared by management and have not been the subject of a review by the Company's independent auditor.

Fremont Gold Ltd.**Condensed interim consolidated statements of financial position**

(Expressed in Canadian Dollars)

| | Notes | June 30, 2020 | March 31, 2020 |
|--|-------|---------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 733,250 | \$ 1,130,028 |
| Accounts receivable | | 48,454 | 44,815 |
| Prepaid expenses | | 93,752 | 53,779 |
| Total Current assets | | 875,456 | 1,228,622 |
| Non-current assets | | | |
| Mineral properties | 4 | 2,482,008 | 2,571,659 |
| Fixed assets | | 17,225 | 17,709 |
| Reclamation bonds | 5 | 90,258 | 93,961 |
| Total Assets | | \$ 3,464,947 | \$ 3,911,951 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 110,741 | \$ 106,390 |
| Due to related parties | 8 | 114,261 | 104,658 |
| Total Current liabilities | | 225,002 | 211,048 |
| Shareholders' equity | | | |
| Share capital | 6(a) | 13,688,794 | 13,688,913 |
| Warrant reserve | 6(b) | 251,639 | 251,639 |
| Stock option reserve | 6(c) | 1,339,363 | 1,257,593 |
| Accumulated other comprehensive income | | 135,245 | 239,618 |
| Accumulated deficit | | (12,175,096) | (11,736,860) |
| Total Shareholders' equity | | 3,239,945 | 3,700,903 |
| Total Liabilities and Shareholders' equity | | \$ 3,464,947 | \$ 3,911,951 |
| Nature of operations and going concern (Note 1) | | | |
| Subsequent event (Note 6(a)) | | | |

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

Approved by the Board of Directors

"Randall Chatwin"
Randall Chatwin, Director

"Michael Williams"
Michael Williams, Director

Fremont Gold Ltd.

Condensed interim consolidated statements of income and loss

(Expressed in Canadian Dollars except number of shares)

| | Notes | 3 months ended June 30, 2020 | 3 months ended June 30, 2019 |
|---|-------|---------------------------------|---------------------------------|
| Expenses | | | |
| Exploration | 7 | \$ 115,920 | \$ 77,592 |
| General and administration | | 96,188 | 84,855 |
| Stock-based compensation | 6(c) | 81,770 | 35,841 |
| Management | | 71,369 | 72,532 |
| Listing and transfer agent | | 18,897 | 2,798 |
| Professional fees | | 4,687 | 11,892 |
| Depreciation | | 1,950 | 1,536 |
| Travel | | 124 | 10,389 |
| | | <u>390,905</u> | <u>297,435</u> |
| Other income and expenses | | | |
| Write-off of mineral property | 4 | 42,783 | - |
| Foreign exchange loss | | 7,527 | 4,016 |
| Interest income | | (2,979) | - |
| | | <u>(2,979)</u> | <u>-</u> |
| Net loss for the period | | <u>\$ 438,236</u> | <u>\$ 301,451</u> |
| Other comprehensive loss | | | |
| Unrealised foreign currency translation items | | 104,373 | 56,316 |
| | | <u>104,373</u> | <u>56,316</u> |
| Total comprehensive loss for the period | | <u>\$ 542,609</u> | <u>\$ 357,767</u> |
| Loss per share, Basic and diluted | | \$ 0.01 | \$ 0.01 |
| Weighted average shares outstanding, Basic and diluted | | 81,454,634 | 53,504,302 |

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

Fremont Gold Ltd.

Condensed interim consolidated statements of changes in shareholders' equity

(Expressed in Canadian Dollars)

| | Issued common shares | Share capital | Subscription receipts | Reserves, Warrants | Reserves, Stock options | Accumulated other comprehensive income (loss) | Accumulated deficit | Total shareholders' equity |
|----------------------------------|-------------------------|----------------------|--------------------------|-----------------------|----------------------------|--|------------------------|----------------------------------|
| Balance at March 31, 2019 | 53,504,302 | \$ 12,138,638 | \$ - | \$ 205,670 | \$ 1,161,922 | \$ 80,384 | (\$ 10,495,090) | \$ 3,091,524 |
| Stock-based compensation | - | - | - | - | 35,841 | - | - | 35,841 |
| Comprehensive loss | - | - | - | - | - | (56,316) | (301,451) | (357,767) |
| Balance at June 30, 2019 | 53,504,302 | \$ 12,138,638 | \$ - | \$ 205,670 | \$ 1,197,763 | \$ 24,068 | (\$ 10,796,541) | \$ 2,769,598 |
| Balance at March 31, 2020 | 81,454,634 | \$ 13,688,913 | \$ - | \$ 251,639 | \$ 1,257,593 | \$ 239,618 | (\$ 11,736,860) | \$ 3,700,903 |
| Share issuance costs | - | (119) | - | - | - | - | - | (119) |
| Stock-based compensation | - | - | - | - | 81,770 | - | - | 81,770 |
| Comprehensive loss | - | - | - | - | - | (104,373) | (438,236) | (542,609) |
| Balance at June 30, 2020 | 81,454,634 | \$ 13,688,794 | \$ - | \$ 251,639 | \$ 1,339,363 | \$ 135,245 | (\$ 12,175,096) | \$ 3,239,945 |

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

Fremont Gold Ltd.

Condensed interim consolidated statements of cash flows

(Expressed in Canadian Dollars)

| | 3 months ended June 30, 2020 | 3 months ended June 30, 2019 |
|---|---------------------------------|---------------------------------|
| OPERATING ACTIVITIES | | |
| Net loss for the period | (\$ 438,236) | (\$ 301,451) |
| Adjustments for items not involving cash: | | |
| Write-off of mineral property | 42,783 | - |
| Stock-based compensation | 81,770 | 35,841 |
| Unrealised foreign exchange items | 4,173 | (256) |
| Depreciation | 1,950 | 1,536 |
| | (307,560) | (264,330) |
| Net changes in non-cash working capital: | | |
| Accounts receivable | (3,639) | 24,378 |
| Prepaid expenses | (39,973) | 18,269 |
| Accounts payable and accrued liabilities | 4,351 | (23,745) |
| Due to related parties | 9,603 | (10,968) |
| Cash used in operating activities | (337,218) | (256,396) |
| INVESTING ACTIVITIES | | |
| Reclamation bond | - | (7,755) |
| Additions to mineral properties | (54,659) | - |
| Additions to fixed assets | (2,097) | - |
| Cash used in investing activities | (56,756) | (7,755) |
| FINANCING ACTIVITIES | | |
| Issuance of share capital, net of cash share issuance costs | (119) | - |
| Cash provided by financing activities | (119) | - |
| Effect of change in exchange rate on cash | (2,685) | (486) |
| Net decrease in cash and cash equivalents | (396,778) | (264,637) |
| Cash and cash equivalents, beginning of period | 1,130,028 | 491,933 |
| Cash and cash equivalents, end of period | \$ 733,250 | \$ 227,296 |

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

Fremont Gold Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)

THREE MONTHS ENDED JUNE 30, 2020

1. NATURE OF OPERATIONS AND GOING CONCERN

Fremont Gold Ltd. (the “Company”) was incorporated under the laws of British Columbia, Canada, on June 6, 2007. The principal business activity of the Company is the acquisition and exploration of mineral properties located in the United States. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol ‘FRE’ and on the OTCQB Venture Market under the trading symbol ‘FRERF’. The head office and records office of the Company are located at Suite 1500 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. The Company’s registered office is located at 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8.

Going concern

The nature of the Company’s operations results in significant expenditures for the acquisition and exploration of mineral properties. To date, the Company has not generated any revenue from mining or other operations as it is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes the Company will be able to realise its assets and settle its liabilities in the normal course of business. For the three months ended June 30, 2020, the Company reported a net loss of \$438,236 (three months ended June 30, 2019: \$301,451) and cash flow used in operations of \$337,218 (three months ended June 30, 2019: \$256,396), and as at that date had a net working capital balance of \$650,054 (March 31, 2020: \$138,015) and an accumulated deficit of \$12,175,096 (March 31, 2020: \$11,736,860).

The Company does not currently have sufficient working capital to meet its corporate development, administrative and property objectives and obligations through March 31, 2021.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional funding from equity financings provided by the Company’s existing shareholders and/or new shareholders or through other arrangements. There is no assurance that the Company will be successful in this regard.

The recoverability of the carrying value of mineral properties and deferred expenditures is dependent upon a number of factors including the existence of recoverable reserves, the ability of the Company to obtain financing to maintain properties in good standing and continue exploration and development and the discovery of economically recoverable reserves.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

In the event the Company is unable to arrange appropriate financing, the carrying value of its assets and liabilities could be subject to material adjustment and the Company may not be able to meet its obligations as they become due in the normal course of business. Furthermore, these conditions

Fremont Gold Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)
THREE MONTHS ENDED JUNE 30, 2020

indicate the existence of a material uncertainty that raises significant doubt as to the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, 'Interim Financial Reporting'. The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's annual consolidated financial statements for the year ended March 31, 2020.

The condensed interim consolidated financial statements do not contain all disclosures required under IFRS and should be read in conjunction with Company's annual consolidated financial statements and the notes thereto for the year ended March 31, 2020.

3. RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended March 31, 2021, and have not been applied in preparing these consolidated financial statements.

The Company has determined that these new accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or will not have a significant impact on the Company's consolidated financial statements.

4. MINERAL PROPERTIES

| 3 months ended | | Incurred during | Dropped | Foreign | |
|-----------------------|---------------------|------------------|--------------------|---------------------|---------------------|
| June 30, 2020 | Mar. 31, 2020 | period | during period | exchange | June 30 2020 |
| Goldrun | \$ 955,055 | \$ - | \$ - | (\$ 37,633) | \$ 917,422 |
| Hurricane | 800,184 | - | - | (31,529) | 768,655 |
| North Carlin | 346,021 | 2,593 | - | (13,677) | 334,937 |
| Griffon | 260,912 | 47,500 | - | (11,073) | 297,339 |
| Cobb Creek | 143,851 | 4,566 | - | (5,744) | 142,673 |
| Other properties | 65,636 | - | (42,783) | (1,871) | 20,982 |
| | \$ 2,571,659 | \$ 54,659 | (\$ 42,783) | (\$ 101,527) | \$ 2,482,008 |

Fremont Gold Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)

THREE MONTHS ENDED JUNE 30, 2020

| Year ended March 31, 2020 | Mar. 31, 2019 | Incurred during period | Sold during period | Dropped during period | Foreign exchange | Mar. 31, 2020 |
|----------------------------------|---------------------|------------------------|---------------------|-----------------------|-------------------|---------------------|
| Goldrun | \$ 1,179,636 | \$ 38,269 | \$ - | (\$ 317,123) | \$ 54,273 | \$ 955,055 |
| Hurricane | 725,550 | 28,038 | - | - | 46,596 | 800,184 |
| North Carlin | 254,934 | 70,685 | - | - | 20,402 | 346,021 |
| Griffon | - | 244,707 | - | - | 16,205 | 260,912 |
| Cobb Creek | - | 134,916 | - | - | 8,935 | 143,851 |
| Gold Canyon | 177,971 | - | (177,194) | - | (777) | - |
| Rock Creek | 135,526 | - | - | (134,946) | (580) | - |
| Other properties | 61,809 | - | - | - | 3,827 | 65,636 |
| | \$ 2,535,426 | \$ 516,615 | (\$ 177,194) | (\$ 452,069) | \$ 148,881 | \$ 2,571,659 |

The capitalised costs of mineral properties relate to the claim maintenance and acquisition costs associated with exploration and evaluation assets.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee their titles. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

It is possible that economically recoverable reserves may not be discovered and accordingly a material portion of the carrying value of mineral properties could be written off in the future.

Roberts Creek property

Fremont dropped the Roberts Creek property during the three months ended June 30, 2020. A provision equivalent to the carrying value of the Company's interest in the property of \$42,783 was recognised in the period.

5. RECLAMATION BONDS

Reclamation bonds were previously paid in connection with the trenching program undertaken at Hurricane in 2018, the drill program undertaken at Gold Bar and Gold Canyon in 2018 and the drill program that had been proposed for Gold Canyon in 2019. The bonds will be refunded in full after reclamation work has been completed and accepted by the United States Bureau of Land Management.

The net balance of reclamation bonds held as at June 30, 2020 totalled US\$ 66,230 (\$90,258) (March 31, 2020: US\$ 66,230 (\$93,961)).

6. SHAREHOLDERS' EQUITY

(a) Share capital

The Company has authorized capital of an unlimited number of common voting shares without nominal or par value.

Fremont Gold Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)
THREE MONTHS ENDED JUNE 30, 2020

The Company has authorized capital of an unlimited number of preferred voting shares without nominal or par value.

July 2020 exercise of share purchase warrants

In July 2020, 34,125 share purchase warrants were exercised at an exercise price of \$0.10 for total proceeds of \$3,412.50. All warrants exercised had been issued in connection with the February 2020 non-brokered private placement (see Note 6(b)).

(b) Share purchase warrants

A continuity of the Company's share purchase warrants is as follows:

| | Expiration | Number of warrants | Weighted average exercise price |
|---|------------|--------------------|---------------------------------|
| March 31, 2019 | | 9,885,251 | 0.22 |
| Issued: | | | |
| Warrants (February 2020 private placement) | 13-Feb-21 | 24,700,332 | 0.10 |
| Finder warrants (February 2020 private placement) | 13-Feb-21 | 1,393,000 | 0.10 |
| Expired | | | |
| Finder warrants (June 2017 private placement) | 29-Jun-19 | (361,720) | 0.15 |
| March 31, 2020 | | 35,616,863 | 0.13 |
| Expired | | | |
| Warrants (June 2017 private placement) | 29-Jun-20 | (5,023,566) | 0.25 |
| Warrants (June 2017 private placement) | 30-Jun-20 | (105,000) | 0.25 |
| March 31, 2020 | | 30,488,297 | 0.11 |

The Company had the following share purchase warrants outstanding as at June 30, 2020:

| | Expiry date | Exercise price | Number of warrants |
|---|---------------|----------------|--------------------|
| Warrants (December 2018 private placement) | Dec. 5, 2020 | 0.20 | 4,394,965 |
| Warrants (February 2020 private placement) | Feb. 13, 2021 | 0.10 | 24,700,332 |
| Finder warrants (February 2020 private placement) | Feb. 13, 2021 | 0.10 | 1,393,000 |
| | | 0.11 | 30,488,297 |

The weighted average remaining life of outstanding share purchase warrants as at June 30, 2020 was 7.2 months (March 31, 2020: 9.1 months).

Fremont Gold Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)
THREE MONTHS ENDED JUNE 30, 2020

(c) Stock options

A continuity of the Company's stock options is as follows:

| | Expiration | Number of options | Weighted average exercise price |
|-----------------------|----------------|-------------------|---------------------------------|
| March 31, 2019 | | 4,125,000 | 0.15 |
| Issued: | | | |
| July 25, 2019 | 25-Jul-24 | 250,000 | 0.10 |
| Expired | | (500,000) | 0.16 |
| Forfeited | | (50,000) | 0.16 |
| March 31, 2020 | | 3,825,000 | 0.15 |
| Issued: | | | |
| April 17, 2020 | April 15, 2024 | 3,250,000 | 0.10 |
| June 30, 2020 | | 7,075,000 | 0.13 |

The Company had the following stock options outstanding as at June 30, 2020:

| Expiry date | Exercise price | Number of options |
|----------------|----------------|-------------------|
| Sept. 18, 2021 | 0.15 | 2,350,000 |
| Jul. 10, 2022 | 0.15 | 350,000 |
| Dec. 10, 2023 | 0.15 | 875,000 |
| Jul. 25, 2024 | 0.10 | 250,000 |
| Apr. 15, 2024 | 0.10 | 3,250,000 |
| | 0.13 | 7,075,000 |

The weighted average remaining life of outstanding stock options as at June 30, 2020 was 34 months (March 31, 2020: 27 months).

Stock-based compensation totalled \$81,770 in the three months ended June 30, 2020 (three months ended June 30, 2019: \$35,841).

A total of 3,250,000 stock options were granted in April 2020. The stock options have an exercise price of \$0.10 and are exercisable through April 16, 2025. All of the stock options will vest in five equal tranches over 24 months including an initial tranche vesting on the date of issuance.

Fremont Gold Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)

THREE MONTHS ENDED JUNE 30, 2020

The fair value of the stock options granted in April 2020 were estimated as at the date of issuance using the Black-Scholes option-pricing model applying the following assumptions:

| April 2020 | |
|-------------------------------|------|
| (\$0.10) | |
| Dividends | - |
| Expected volatility (average) | 121% |
| Risk-free interest rate | 1.0% |
| Expected life (months) | 60 |
| Expected rate of forfeiture | 5.0% |

Of the 7,075,000 stock options outstanding as at June 30, 2020, 4,080,000 stock options were exercisable as at this date at a weighted average exercise price of \$0.14.

7. EXPLORATION AND DEVELOPMENT EXPENDITURES

| 3 months ended June 30, 2020 | | | |
|-------------------------------------|------------------|-------------------|-------------------|
| | Griffon | VP Exploration | Total |
| Drilling | 49,713 | - | 49,713 |
| Travel | 23,371 | - | 23,371 |
| Payroll | 10,348 | - | 10,348 |
| Field supplies | 4,301 | - | 4,301 |
| Third party services | 3,240 | - | 3,240 |
| VP Exploration | - | 24,947 | 24,947 |
| | \$ 90,973 | \$ 24,947 | \$ 115,920 |

| 3 months ended June 30, 2019 | | | | | | |
|-------------------------------------|------------------|-----------------|------------------|---------------------|-------------------|------------------|
| | Gold Bar | Gold Canyon | North Carlin | Other properties | VP Exploration | Total |
| Assay | \$ - | \$ - | \$ 15,125 | \$ - | \$ - | \$ 15,125 |
| Drilling | 10,202 | 1,789 | - | - | - | 11,991 |
| Field supplies | 2,267 | 2,172 | 869 | 1,337 | - | 6,645 |
| Payroll | - | - | 2,140 | - | - | 2,140 |
| Restoration provision (net) | 132 | - | - | - | - | 132 |
| Travel | 1,347 | 748 | 1,891 | 173 | - | 4,159 |
| VP Exploration | - | - | - | - | 37,400 | 37,400 |
| | \$ 13,948 | \$ 4,709 | \$ 20,025 | \$ 1,510 | \$ 37,400 | \$ 77,592 |

Fremont Gold Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)
THREE MONTHS ENDED JUNE 30, 2020

8. RELATED PARTY TRANSACTIONS

The Company incurred the following expenses resulting from transactions with related parties including officers and directors or entities that are controlled by officers and directors of the Company:

| | 3 months ended June 30, 2020 | 3 months ended June 30, 2019 |
|--|---------------------------------|---------------------------------|
| Remuneration of officers of the Company (1) | \$ 96,316 | \$ 102,829 |
| Stock-based compensation relating to stock options issued to officers and directors of the Company | 59,547 | 18,248 |
| Recharge of exploration, claim and local administrative expenditures (2) | 19,403 | 19,977 |
| | \$ 175,266 | \$ 141,054 |

(1) Comprises remuneration of the Company's President, Chief Executive Officer, Chief Financial Officer and Vice President Exploration and includes fees charged by companies controlled by officers of the Company

(2) Certain exploration, local administrative and claim acquisition expenditures are charged to the Company by Tectonex LLC, a company owned by the Company's VP Exploration. Such charges totalled US\$ 14,001 (\$19,403) in the three months ended June 30, 2020 (three months ended June 30, 2019: US\$ 14,936 (\$19,977)). All such expenditures are recharged to the Company without margin or discount at the actual cost incurred by Tectonex

The Company owed the following amounts to related parties including officers and directors or companies that are controlled by officers and directors of the Company:

| | June 30, 2020 | March 31, 2020 |
|---|-------------------|-------------------|
| Deferred amount due to the President (due Dec. 31, 2020) | \$ 64,398 | \$ 64,398 |
| Other advances | 25,000 | 25,000 |
| Amount owing to Tectonex relating to the recharge of exploration, claim and local administrative expenditures | 20,899 | 5,629 |
| Amounts owing to directors and officers relating to the reimbursement of expenses | 3,964 | 9,631 |
| | \$ 114,261 | \$ 104,658 |

Certain directors and officers of the Company participated in the February 2020 private placement subscribing for an aggregate of 1,083,334 units at a cost of \$65,000.

9. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties. The Company's assets are located in Canada and the United States as follows:

Fremont Gold Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)

THREE MONTHS ENDED JUNE 30, 2020

| | Canada | United States | Total |
|------------------------------|------------|---------------|--------------|
| Non-current assets: | | | |
| June 30, 2020 | \$ 1,660 | \$ 2,587,831 | \$ 2,589,491 |
| March 31, 2020 | \$ 1,826 | \$ 2,681,503 | \$ 2,683,329 |
| Net loss: | | | |
| 3 months ended June 30, 2020 | 251,097 | 187,139 | 438,236 |
| 3 months ended June 30, 2019 | \$ 191,640 | \$ 109,811 | \$ 301,451 |

10. CAPITAL MANAGEMENT

The Company manages its capital structure, which consists of working capital and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of mineral property 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.

All of the exploration and evaluation assets in which the Company 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 ongoing general and administrative expenses, the Company will use existing working capital and expects to raise additional funds through equity private placements as required in the future. 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 relatively 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 June 30, 2020.

Additional information relating to the Company's ability to continue as a going concern is presented in Note 1.

11. RISK MANAGEMENT

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.

Fremont Gold Ltd.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited, Expressed in Canadian Dollars)

THREE MONTHS ENDED JUNE 30, 2020

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's exploration activity is situated entirely in the United States and it is therefore exposed to foreign exchange risk arising from transactions and monetary balances denominated in United States dollars. The Company has no program in place for hedging foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The risk is considered minimal.

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 process in place to assist in determining 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 ongoing business requirements, taking into account its current cash position and potential funding sources.

With the exception of accrued liabilities totalling \$3,750, the provision for estimated restoration costs totalling \$13,628 and balances due to related parties (see Note 8), all accounts payable and accrued liabilities are due within 90 days of June 30, 2020. Amounts due to related parties are unsecured and non-interest bearing. With the exception of \$64,398 that is due to the Company's President which the Company is required to pay by December 31, 2020 (see Note 8), amounts due to related parties have no set terms of repayment.

Additional information relating to the Company's ability to continue as a going concern is presented in Note 1.