



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

Condensed Consolidated Interim Financial Statements  
For the six months ended July 31, 2022

Unaudited – Prepared by Management  
(Expressed in Canadian Dollars)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**FREEMPORT RESOURCES INC.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

<b>As at</b>	<b>Notes</b>	<b>July 31, 2022</b>	<b>January 31, 2022</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		925,129	1,435,246
Receivables		7,813	42,440
Prepaid expenses		73,297	129,508
<b>Total assets</b>		<b>1,006,239</b>	<b>1,607,194</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	4	310,377	153,407
<b>Total Liabilities</b>		<b>310,377</b>	<b>153,407</b>
<b>Shareholders' equity</b>			
Share capital	5	21,765,804	21,765,804
Share-based payment reserve	5	2,061,528	2,061,528
Accumulated other comprehensive loss		(6,307)	(4,635)
Deficit		(23,125,163)	(22,368,910)
<b>Total shareholders' equity</b>		<b>695,862</b>	<b>1,453,787</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,006,239</b>	<b>1,607,194</b>

Nature and continuance of operations (Note 1)

Approved for issuance on behalf of the Board of Directors:

"Gord Friesen"

Director

"Allan Glowach"

Director

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

**FREEMPORT RESOURCES INC.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

		Three Months Ended July 31, 2022	Three Months Ended July 31, 2021	Six Months Ended July 31, 2022	Six Months Ended July 31, 2021
	Notes	\$	\$	\$	\$
<b>EXPENSES</b>					
Advertising and promotion		15,000	94,557	18,000	193,415
Audit and accounting	4	15,000	19,200	30,000	34,200
Consulting	4	146,554	130,557	296,043	297,355
Legal		19,444	12,002	21,009	22,090
Management fees	4	11,000	15,000	24,000	30,000
Office and general	4	37,022	25,479	60,000	35,663
Project investigation costs	3,4	45,889	231,632	99,383	373,145
Stock exchange fees and licenses		6,813	22,077	17,042	33,336
Transfer agent fees		10,719	3,680	11,729	6,951
<b>LOSS BEFORE OTHER ITEMS</b>					
		(307,441)	(554,184)	(577,206)	(1,026,155)
<b>OTHER ITEMS</b>					
Write-down of receivables		(315)	-	(40,614)	-
Foreign exchange		1,003	9,901	(9,132)	21,790
Write-down of exploration and evaluation assets	3	(32,060)	-	(129,301)	(2)
<b>LOSS FOR THE PERIOD</b>					
		(338,813)	(544,283)	(756,253)	(1,004,367)
Translation adjustment					
		(1,568)	-	(1,672)	-
<b>COMPREHENSIVE LOSS FOR THE PERIOD</b>					
		(340,381)	(544,283)	(757,925)	(1,004,367)
<b>LOSS PER COMMON SHARE – BASIC AND DILUTED</b>					
		(0.00)	(0.01)	(0.01)	(0.01)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED</b>					
		97,237,375	76,416,766	97,237,375	75,967,266

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

**FREEPORT RESOURCES INC.**

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	<u>Common shares</u>				Accumulated Other Comprehensive Income (Translation Adjustment)	Deficit	Total
	Number*	Amount \$	Share-based Payment Reserve \$	Shares Subscribed \$	\$	\$	\$
Balance at January 31, 2021	75,227,708	17,307,366	1,784,753	6,667	-	(15,900,147)	3,198,639
Exercise of warrants	1,909,667	448,438	(257,471)	(6,667)	-	-	184,300
Shares subscribed	-	-	-	19,122	-	-	19,122
Net loss for the period	-	-	-	-	-	(1,004,367)	(1,004,367)
Balance at July 31, 2021	77,137,375	17,755,804	1,527,282	19,122	-	(16,904,514)	2,397,694
Balance at January 31, 2022	97,237,375	21,765,804	2,061,528	-	(4,635)	(22,368,910)	1,453,787
Foreign exchange adjustment	-	-	-	-	(1,672)	-	(1,672)
Net loss for the period	-	-	-	-	-	(756,253)	(756,253)
Balance at July 31, 2022	97,237,375	21,765,804	2,061,528	-	(6,307)	(23,125,163)	695,862

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

**FREEMPORT RESOURCES INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	<b>Six Months Ended July 31, 2022 \$</b>	<b>Six Months Ended July 31, 2021 \$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net loss</b>	(756,253)	(1,004,367)
Adjustments for non-cash items:		
Write-down of exploration and evaluation assets	129,301	2
Write-down of receivables	40,614	-
Foreign exchange	(1,672)	-
Working capital adjustments:		
Receivables	(5,987)	(3,481)
Prepaid expenses	56,211	53,760
Trade payables and accrued liabilities	156,970	(37,690)
Amounts due to related parties	-	(2,875)
<b>Net cash used in operating activities</b>	(380,816)	(994,651)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation asset expenditures	(129,301)	-
<b>Net cash used in investing activities</b>	(129,301)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Exercise of warrants	-	184,300
Shares subscribed	-	19,122
<b>Net cash provided by financing activities</b>	-	203,422
Change in cash	(510,117)	(791,229)
<b>Cash, beginning</b>	1,435,246	3,169,379
<b>Cash, ending</b>	925,129	2,378,150

**There was no supplemental cash flow information for the periods ended July 31, 2022 and 2021.**

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

## **FREEPORT RESOURCES INC.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JULY 31, 2022**

(Expressed in Canadian Dollars)

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#### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Freeport Resources Inc. (the “Company”) is incorporated in British Columbia and is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “FRI” and listed on the OTCQB under the ticker symbol “FEERF”. The Company is a Canadian junior mineral exploration company with a portfolio of exploration and evaluation assets in Papua New Guinea (PNG).

The Company’s head office, principal address and registered and records office are located at Suite 250, 750 West Pender Street, Vancouver, BC V6C 2T7.

During the year ended January 31, 2022, the Company acquired all of the outstanding share capital of Carpo Resources Inc. (“Carpo”). Carpo is a privately held company that controls Era Resources Inc. (“Era”), a corporation established under the laws of the Cayman Islands and which itself controls an application for the renewal of an exploration license located in Papua New Guinea, commonly known as the Yandera Copper Project.

During the year ended January 31, 2021, the Company acquired all of the outstanding share capital of Quidum Resources Inc. (“Quidum”). Quidum is a privately held company that controls Highlands Pacific Resources Ltd. (“HPR”), a corporation established under the laws of Papua New Guinea with a series of contiguous exploration licences located in Papua New Guinea that are together commonly known as the Star Mountains Property.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company and its subsidiaries 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. As at July 31, 2022, 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 companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

#### **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

The condensed consolidated interim financial statements were authorized for issue on September 20, 2022 by the directors of the Company.

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at January 31, 2022. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended January 31, 2022.

##### ***Statement of compliance***

The condensed consolidated interim financial statements of the Company, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

##### ***Basis of preparation***

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

**FREEPORT RESOURCES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JULY 31, 2022**

(Expressed in Canadian Dollars)

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

These condensed consolidated interim financial statements include the financial statements of the Company and the entities controlled by the Company. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

***Subsidiaries***

Subsidiaries are entities controlled by the Company. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company are as follows:

<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Place of Incorporation</b>	<b>Ownership Interest July 31, 2022</b>	<b>Ownership Interest January 31, 2022</b>
Quidum Resources Inc. ("Quidum")	Mineral property exploration	British Columbia	100%	100%
Highlands Pacific Resources Ltd. ("HPR")	Mineral property exploration	Papua New Guinea	100%	100%
Carpo Resources Inc. ("Carpo")	Mineral property exploration	Cayman Islands	100%	100%
Era Resources Inc. ("Era")	Mineral property exploration	Cayman Islands	100%	100%
Marengo Mining (Australia) Pty Limited ("Marengo")	Mineral property exploration	Australia	100%	100%
Yandera Mining Company Limited ("Yandera")	Mineral property exploration	Papua New Guinea	100%	100%
Yandera Mining Company (Holdings) Pty Limited ("Yandera Holdings")	Mineral property exploration	Australia	100%	100%

***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 years include the recoverability of the carrying value of exploration and evaluation assets and the recoverability and measurement of deferred tax assets.



**FREEMPORT RESOURCES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JULY 31, 2022**

(Expressed in Canadian Dollars)

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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 condensed consolidated interim 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;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- The functional currency is the currency of the primary economic environment in which the entity operates and is determined for each entity within the Company. The functional currency for the entities within the Company are: the Canadian dollar (the Company, Quidum, HPR, Carpo), the United States dollar ("US") (Era), the Australian dollar ("AUD") (Marengo, Yandera Holdings) and the Papua New Guinean kina ("PGK") (Yandera).

**3. EXPLORATION AND EVALUATION ASSETS****Star Mountain Property**

During the year ended January 31, 2021, the Company completed the acquisition of Quidum by acquiring all of the outstanding share capital from the vendors. Quidum is a privately held company that controls HPR, a corporation established under the laws of Papua New Guinea with a series of contiguous exploration licenses located in Papua New Guinea that are together commonly known as the Star Mountains Property. In consideration for all of the outstanding share capital of Quidum, the Company issued 10,000,000 common shares. As at the date of acquisition, HPR was in the process of applying for the renewal of the exploration licenses, therefore the Company recorded \$6,013,196 to project investigation costs on the statement of comprehensive loss.

**Yandera Copper Project**

During the year ended January 31, 2022, the Company completed the acquisition of Carpo by acquiring all of the outstanding. Carpo is a privately held company that controls Era, a corporation established under the laws of the Cayman Islands and which itself controls an application for the renewal of an exploration license located in Papua New Guinea, commonly known as the Yandera Copper Project. In consideration for all of the outstanding share capital of Carpo, the Company issued 20,000,000 common shares. The seller retained a 1.5% net smelter return "NSR" on the first 20 years of production and the PNG government retains a 2% NSR on the property.

As at August 11, 2021, an application for the extension of the exploration license which had expired in November 2019 had been filed with the Minister of Mining for Papua New Guinea ("MPNG"). While the Company has certain rights to the Yandera Copper Project under the expired license, because the renewal is subject to approval by the MPNG, the Company recorded \$99,383 during the period ended July 31, 2022 (\$3,922,405 during the year ended January 31, 2022) to project investigation costs on the statement of comprehensive loss.

**FREEMPORT RESOURCES INC.**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JULY 31, 2022**

(Expressed in Canadian Dollars)

**3. EXPLORATION AND EVALUATION ASSETS (continued)**

	Star Mountains Property PNG \$	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 \$
Balance, January 31, 2021	-	1	1	1	1	1	5
Additions:							
Consulting and technical fees	273,873	-	-	-	-	-	273,873
Field expenditures	174,255	-	-	-	-	-	174,255
Office and miscellaneous	89,322	-	-	-	-	-	89,322
Travel and accommodation	18,579	-	-	-	-	-	18,579
	556,029	1	1	1	1	1	556,034
Impairment	(556,029)	(1)	(1)	(1)	(1)	(1)	(556,034)
Balance, January 31, 2022	-	-	-	-	-	-	-
Additions:							
Consulting and technical fees	59,469	-	-	-	-	-	59,469
Field expenditures	32,999	-	-	-	-	-	32,999
Office and miscellaneous	34,386	-	-	-	-	-	34,386
Travel and accommodation	2,447	-	-	-	-	-	2,447
	129,301	-	-	-	-	-	129,301
Impairment	(129,301)	-	-	-	-	-	(129,301)
Balance, July 31, 2022	-	-	-	-	-	-	-

**4. RELATED PARTY TRANSACTIONS**

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 executive and non-executive members of the Company's Board of Directors.

The following balances are owing to directors, officers and companies controlled by the directors and officers include in accounts payable and accrued liabilities:

	July 31, 2022 \$	January 31, 2022 \$
Due to a company controlled by a director and officer	5,250	8,018
	5,250	8,018

**FREEMPORT RESOURCES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JULY 31, 2022**

(Expressed in Canadian Dollars)

**4. RELATED PARTY TRANSACTIONS (continued)**

The Company had the following transactions with key management personnel during the period ended July 31, 2022 and 2021:

	2022	2021
	\$	\$
Management fees	24,000	30,000
Consulting fees	4,839	15,419
Accounting fees	30,000	30,000
Office and general	9,114	-
Project investigation costs	4,967	56,639
	72,920	132,058

**5. SHARE CAPITAL***Authorized share capital*

Unlimited common shares without par value.

*Issued share capital*

There were no share issuances during the period ended July 31, 2022.

During the year ended January 31, 2022, the Company:

- a) Issued 2,009,667 common shares from the exercise of warrants for proceeds of \$200,967.
- b) Issued 20,000,000 common shares at a fair value of \$4,000,000 for project investigation costs.

*Stock options and warrants*

The Company has a stock option plan allowing for the granting of options to the Company's directors, officers, employees, consultants and other service providers. Under this plan, the exercise price shall be determined by the Board of Directors or its designated committee (collectively the "Committee") at the time the option is granted, provided the exercise price shall not be less than the market price less applicable discounts permitted by the TSX-V. 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.

During the year ended January 31, 2022, the Company granted 3,000,000 incentive stock options exercisable at a price of \$0.20 for four years from the date of grant. The incentive stock options were granted to officers, directors and consultants of the Company.

The following table summarizes the continuity of stock options:

	Number of options	Weighted average exercise price \$
Balance, January 31, 2021	2,200,000	0.29
Granted	3,000,000	0.20
Balance, January 31, 2022 and July 31, 2022	5,200,000	0.24

**FREEPORT RESOURCES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JULY 31, 2022**

(Expressed in Canadian Dollars)

**5. SHARE CAPITAL (continued)**

As at July 31, 2022, the following options were outstanding:

Number of options outstanding	Exercise price \$	Expiry date
3,000,000	0.20	August 23, 2025
2,200,000	0.29	November 6, 2025
5,200,000		

The share-based payments expense recognized during the period ended July 31, 2022 was \$nil (year ended January 31, 2022 - \$534,246) calculated using the Black-Scholes Option Pricing Model on the grant date using the following assumptions:

	Six months ended July 31, 2022	Year ended January 31, 2022
Risk-free interest rate	-	0.82%
Expected life (in years)	-	4
Expected volatility	-	157%
Dividend rate	-	0%

Warrants

	Number of Warrants	Weighted Average Exercise Price
Outstanding at January 31, 2021	42,444,149	\$ 0.15
Exercised	(2,009,667)	0.10
<b>Outstanding, January 31, 2022 and July 31, 2022</b>	<b>40,434,482</b>	<b>\$ 0.15</b>

Additional information regarding warrants outstanding as at July 31, 2022 is as follows:

Exercise price (\$)	Number of warrants	Expiry Date
0.10	33,513,398	June 4, 2025
0.40	6,921,084	August 10, 2025
	40,434,482	

**FREEMPORT RESOURCES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JULY 31, 2022**

(Expressed in Canadian Dollars)

**6. TRADE PAYABLES AND ACCRUED LIABILITIES**

	July 31, 2022 \$	January 31, 2022 \$
Trades payable	295,377	138,407
Accrued liabilities	15,000	15,000
	310,377	153,407

**7. CAPITAL MANAGEMENT**

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

The exploration and evaluation assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available. Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the period ended July 31, 2022.

**8. FINANCIAL INSTRUMENTS****Classification of financial instruments**

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

	July 31, 2022 \$	January 31, 2022 \$
Amortized cost:		
Cash	925,129	1,435,246
Receivables	7,813	42,440
	932,942	1,477,686

**FREEPORT RESOURCES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JULY 31, 2022**

(Expressed in Canadian Dollars)

**8. FINANCIAL INSTRUMENTS (continued)**

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

	July 31, 2022 \$	January 31, 2022 \$
Amortized cost:		
Trade payables	310,377	153,407
	310,377	153,407

**Fair Value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market date.

As at July 31, 2022, the Company's financial instruments consist of cash, receivables, trade payables and amounts due to related parties. Cash is classified as amortized cost. Trade payables and due to related parties are also classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

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. The Company's receivables consist mainly of tax credits receivable. The Company does not believe it is subject to significant credit risk.

Foreign currency risk

The Company is not exposed to significant foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in United States dollars ("US"), the Australian dollar ("AUD") and the Papua New Guinean kina ("PGK"). The Company does not use derivatives or other techniques to manage foreign currency risk.

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.

**FREEMPORT RESOURCES INC.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JULY 31, 2022**

(Expressed in Canadian Dollars)

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**8. FINANCIAL INSTRUMENTS (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.

**9. SEGMENTED INFORMATION**

The Company has one operating segment, the exploration of mineral properties, and one geographical segment, with all current exploration activities being conducted in Papua New Guinea.