



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 nine months ended October 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.

FREEPORT RESOURCES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

As at	Notes	October 31, 2022 \$	January 31, 2022 \$
ASSETS			
Current Assets			
Cash		730,851	1,435,246
Receivables		11,254	42,440
Prepaid expenses		52,582	129,508
Total assets		794,687	1,607,194
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	4,6	442,875	153,407
Total Liabilities		442,875	153,407
Shareholders' equity			
Share capital	5	21,765,804	21,765,804
Share-based payment reserve	5	2,061,528	2,061,528
Accumulated other comprehensive loss		(24,140)	(4,635)
Deficit		(23,451,380)	(22,368,910)
Total shareholders' equity		351,812	1,453,787
Total liabilities and shareholders' equity		794,687	1,607,194

Nature and continuance of operations (Note 1)

Approved for issuance on behalf of the Board of Directors:

<u>"Gord Friesen"</u>	Director	<u>"Allan Glowach"</u>	Director
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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 October 31, 2022	Three Months Ended October 31, 2021	Nine Months Ended October 31, 2022	Nine Months Ended October 31, 2021
	Notes	\$	\$	\$	\$
EXPENSES					
Advertising and promotion		-	78,408	18,000	271,823
Audit and accounting	4	51,867	15,183	81,867	49,383
Consulting	4	155,294	159,341	451,337	456,696
Depreciation		-	13,016	-	13,016
Legal		4,389	8,603	25,398	30,693
Management fees	4	15,000	15,000	39,000	45,000
Office and general	4	24,316	50,604	84,316	86,267
Project investigation costs	3,4	43,089	3,998,898	142,472	4,372,043
Share-based payments		-	553,562	-	553,562
Stock exchange fees and licenses		4,400	4,592	21,442	37,928
Transfer agent fees		900	2,291	12,629	9,242
LOSS BEFORE OTHER ITEMS					
		(299,255)	(4,899,498)	(876,461)	(5,925,653)
OTHER ITEMS					
Write-down of receivables		-	-	(40,614)	-
Foreign exchange		(1,111)	(28,586)	(10,243)	(6,796)
Write-down of exploration and evaluation assets	3	(25,851)	-	(155,152)	(2)
LOSS FOR THE PERIOD					
		(326,217)	(4,928,084)	(1,082,470)	(5,932,451)
Translation adjustment		(17,833)	316,853	(19,505)	316,853
COMPREHENSIVE LOSS FOR THE PERIOD					
		(344,050)	(4,611,231)	(1,101,975)	(5,615,598)
LOSS PER COMMON SHARE – BASIC AND DILUTED					
		(0.00)	(0.05)	(0.01)	(0.07)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED					
		97,237,375	94,839,549	97,237,375	82,327,156

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>						
	Number*	Amount \$	Share-based Payment Reserve \$	Shares Subscribed \$	Accumulated Other Comprehensive Income (Translation Adjustment) \$	Deficit \$	Total \$
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	2,009,667	458,438	(257,471)	(6,667)	-	-	194,300
Shares issued for exploration and evaluation asset	20,000,000	4,000,000	-	-	-	-	4,000,000
Foreign exchange adjustment	-	-	-	-	316,853	-	316,853
Share-based payments	-	-	553,562	-	-	-	553,562
Net loss for the period	-	-	-	-	-	(5,932,451)	(5,932,451)
Balance at October 31, 2021	97,237,375	21,765,804	2,080,844	-	316,853	(21,832,598)	2,330,903
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	-	-	-	-	(19,505)	-	(19,505)
Net loss for the period	-	-	-	-	-	(1,082,470)	(1,082,470)
Balance at October 31, 2022	97,237,375	21,765,804	2,061,528	-	(24,140)	(23,451,380)	351,812

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)

	Period Ended October 31, 2022 \$	Period Ended October 31, 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(1,082,470)	(5,932,451)
Adjustments for non-cash items:		
Depreciation	-	13,016
Share-based payments	-	553,562
Shares issued for property investigation costs	-	4,000,000
Write-down of exploration and evaluation assets	155,152	2
Write-down of receivables	40,614	-
Foreign exchange	(19,505)	(178,507)
Working capital adjustments:		
Receivables	(9,428)	(2,571)
Prepaid expenses	76,926	80,738
Trade payables and accrued liabilities	289,468	(56,750)
Amounts due to related parties	-	(2,875)
Net cash used in operating activities	(549,243)	(1,525,836)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(155,152)	-
Cash acquired from Carpo acquisition	-	67,055
Net cash provided by (used in) investing activities	(155,152)	67,055
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of warrants	-	194,300
Net cash provided by financing activities	-	194,300
Change in cash	(704,395)	(1,264,481)
Cash, beginning	1,435,246	3,169,379
Cash, ending	730,851	1,904,898

Supplemental cash flow information:

There was no supplemental cash flow information for the period ended October 31, 2022.

During the period ended October 31, 2021, the Company transferred \$257,471 from share-based payment reserves to share capital on the exercise of broker warrants.

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 NINE MONTHS ENDED OCTOBER 31, 2022

(Expressed in Canadian Dollars)

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 October 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 December 22, 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 NINE MONTHS ENDED OCTOBER 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:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest October 31, 2022	Ownership Interest January 31, 2022
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.

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

(Expressed in Canadian Dollars)

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 \$142,472 during the period ended October 31, 2022 (\$3,922,405 during the year ended January 31, 2022) to project investigation costs on the statement of comprehensive loss.

FREEPORT RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 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	79,212	-	-	-	-	-	79,212
Field expenditures	38,173	-	-	-	-	-	38,173
Office and miscellaneous	35,320	-	-	-	-	-	35,320
Travel and accommodation	2,447	-	-	-	-	-	2,447
	155,152	-	-	-	-	-	155,152
Impairment	(155,152)	-	-	-	-	-	(155,152)
Balance, October 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:

	October 31, 2022 \$	January 31, 2022 \$
Due to a company controlled by a director and officer	-	8,018
	-	8,018

FREEPORT RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 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 October 31, 2022 and 2021:

	2022	2021
	\$	\$
Management fees	39,000	45,000
Consulting fees	4,839	31,016
Accounting fees	45,000	45,000
Office and general	26,473	-
Project investigation costs	4,967	65,568
Share-based payments	-	258,328
	120,279	444,912

5. SHARE CAPITAL*Authorized share capital*

Unlimited common shares without par value.

Issued share capital

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

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

- Issued 2,009,667 common shares from the exercise of warrants for proceeds of \$200,967.
- 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 October 31, 2022	5,200,000	0.24

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

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

As at October 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 October 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:

	Period ended October 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
Outstanding, January 31, 2022 and October 31, 2022	40,434,482	\$ 0.15

Additional information regarding warrants outstanding as at October 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	

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

(Expressed in Canadian Dollars)

6. TRADE PAYABLES AND ACCRUED LIABILITIES

	October 31, 2022	January 31, 2022
	\$	\$
Trades payable	442,875	138,407
Accrued liabilities	-	15,000
	442,875	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 October 31, 2022.

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

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

	October 31, 2022	January 31, 2022
	\$	\$
Amortized cost:		
Cash	730,851	1,435,246
Receivables	11,254	42,440
	742,105	1,477,686

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

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS (continued)

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

	October 31, 2022 \$	January 31, 2022 \$
Amortized cost:		
Trade payables	442,875	153,407
	442,875	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 October 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.

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

(Expressed in Canadian Dollars)

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.