



**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, 2021

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)

| As at   | Notes | October 31,<br>2021<br>\$ | January 31,<br>2021<br>\$ |
|---|-------|---------------------------|---------------------------|
| <b>ASSETS</b>                                     |       |                           |                           |
| <b>Current Assets</b>                             |       |                           |                           |
| Cash  |       | 1,904,898                 | 3,169,379                 |
| Receivables                                       |       | 103,682                   | 26,683                    |
| Prepaid expenses                                  |       | 52,046                    | 132,784                   |
|   |       | 2,060,626                 | 3,328,846                 |
| <b>Non-current assets</b>                         |       |                           |                           |
| Exploration and evaluation assets                 | 3     | 3                         | 5                         |
| Property and equipment                            |       | 404,748                   | -                         |
| <b>Total assets</b>                               |       | <b>2,465,377</b>          | <b>3,328,851</b>          |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |       |                           |                           |
| <b>Current Liabilities</b>                        |       |                           |                           |
| Trade payables and accrued liabilities            |       | 134,474                   | 127,337                   |
| Due to related parties                            | 4     | -                         | 2,875                     |
| <b>Total Liabilities</b>                          |       | <b>134,474</b>            | <b>130,212</b>            |
| <b>Shareholders' equity</b>                       |       |                           |                           |
| Share capital                                     | 5     | 21,765,804                | 17,307,366                |
| Share-based payment reserve                       | 5     | 2,080,844                 | 1,784,753                 |
| Shares subscribed                                 |       | -                         | 6,667                     |
| Accumulated other comprehensive income            |       | 316,853                   | -                         |
| Deficit   |       | (21,832,598)              | (15,900,147)              |
| <b>Total shareholders' equity</b>                 |       | <b>2,330,903</b>          | <b>3,198,639</b>          |
| <b>Total liabilities and shareholders' equity</b> |       | <b>2,465,377</b>          | <b>3,328,851</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<br>Months<br>Ended<br>October 31,<br>2021 | Three<br>Months<br>Ended<br>October 31,<br>2020 | Nine<br>Months<br>Ended<br>October 31,<br>2021 | Nine<br>Months<br>Ended<br>October 31,<br>2020 |
|---|-------|---|---|--|--|
|   | Notes | \$  | \$  | \$   | \$   |
| <b>EXPENSES</b>   |       |   |   |  |  |
| Advertising and promotion   |       | 78,408  | 350,762   | 271,823  | 368,262  |
| Audit and accounting  | 4     | 15,183  | 16,100  | 49,383   | 39,722   |
| Consulting  | 4     | 159,341   | 302,557   | 456,696  | 473,511  |
| Depreciation  |       | 13,016  | -   | 13,016   | -  |
| Legal   |       | 8,603   | 51,987  | 30,693   | 57,640   |
| Management fees   | 4     | 15,000  | 19,707  | 45,000   | 44,564   |
| Office and general  |       | 50,604  | 14,934  | 86,267   | 32,927   |
| Project investigation costs   | 3,4   | 3,998,898                                       | -   | 4,372,043                                      | -  |
| Share-based payments  | 5     | 553,562   | -   | 553,562  | -  |
| Stock exchange fees and licenses  |       | 4,592   | 26,231  | 37,928   | 39,824   |
| Transfer agent fees   |       | 2,291   | 6,493   | 9,242  | 16,503   |
| <b>LOSS BEFORE OTHER ITEMS</b>  |       |   |   |  |  |
|   |       | (4,899,498)                                     | (788,771)                                       | (5,925,653)                                    | (1,072,953)                                    |
| <b>OTHER ITEMS</b>  |       |   |   |  |  |
| Extinguishment of accounts payable  |       | -   | -   | -  | 6,593  |
| Foreign exchange  |       | (28,586)  | 26,571  | (6,796)  | 26,571   |
| Write-down of exploration and evaluation assets                                 | 3     | -   | -   | (2)  | -  |
| <b>LOSS FOR THE PERIOD</b>  |       |   |   |  |  |
|   |       | (4,928,084)                                     | (762,200)                                       | (5,932,451)                                    | (1,039,789)                                    |
| Translation adjustment  |       |   |   |  |  |
|   |       | 316,853   | -   | 316,853  | -  |
| <b>COMPREHENSIVE LOSS FOR THE PERIOD</b>  |       |   |   |  |  |
|   |       | (4,611,231)                                     | (762,200)                                       | (5,615,598)                                    | (1,039,789)                                    |
| <b>LOSS PER COMMON SHARE – BASIC AND DILUTED</b>                                |       |   |   |  |  |
|   |       | (0.05)  | (0.01)  | (0.07)   | (0.03)   |
| <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED</b> |       |   |   |  |  |
|   |       | 94,839,549                                      | 59,467,081                                      | 82,327,156                                     | 30,892,650                                     |

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 (DEFICIENCY)

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

|  | <u>Common shares</u> |              | Share-based<br>Payment<br>Reserve | Shares<br>Subscribed | Accumulated<br>Other<br>Comprehensive<br>Income<br>(Translation<br>Adjustment) | Deficit      | Total       |
|--|----------------------|--------------|-----------------------------------|----------------------|--|--------------|-------------|
|  | Number*              | Amount<br>\$ |                                   |                      |  |              |             |
| Balance at January 31, 2020                              | 3,366,248            | 4,620,561    | 398,458                           | -                    | -  | (7,053,669)  | (2,034,650) |
| Private placements                                       | 53,334,997           | 7,000,499    | -                                 | -                    | -  | -            | 7,000,499   |
| Share issuance costs - shares                            | 2,278,344            | 284,987      | -                                 | -                    | -  | -            | 284,987     |
| Share issuance costs                                     | -                    | (458,551)    | -                                 | -                    | -  | -            | (458,551)   |
| Exercise of warrants                                     | 5,291,853            | 529,185      | -                                 | -                    | -  | -            | 529,185     |
| Shares issued for<br>exploration and<br>evaluation asset | 10,000,000           | 6,000,000    | -                                 | -                    | -  | -            | 6,000,000   |
| Net loss for the period                                  | -                    | -            | -                                 | -                    | -  | (1,039,789)  | (1,039,789) |
| Balance at October 31, 2020                              | 74,271,442           | 17,976,681   | 398,458                           | -                    | -  | (8,093,458)  | 10,281,681  |
| 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<br>exploration and<br>evaluation asset | 20,000,000           | 4,000,000    | -                                 | -                    | -  | -            | 4,000,000   |
| Foreign exchange<br>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   |

(\*) Effective May 1, 2020, the Company consolidated its issued and outstanding common shares on a 5 to 1 basis, which resulted in 3,366,248 shares outstanding post-consolidation. All references to common shares in these condensed consolidated interim financial statements have been adjusted to reflect this change.

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

**FREEPORT RESOURCES INC.**

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

|  | Nine Months Ended<br>October 31,<br>2021<br>\$ | Nine Months Ended<br>October 31,<br>2020<br>\$ |
|--|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |  |  |
| <b>Net loss</b>  | (5,932,451)                                    | (1,039,789)                                    |
| 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            | 2  | -  |
| Extinguishment of accounts payable                         | -  | (6,593)  |
| Foreign exchange   | (178,507)                                      | -  |
| Working capital adjustments:                               |  |  |
| Receivables  | (2,571)  | (14,867)                                       |
| Prepaid expenses   | 80,738   | (269,958)                                      |
| Trade payables and accrued liabilities                     | (56,750)                                       | (1,986,273)                                    |
| Amounts due to related parties                             | (2,875)  | 12,450   |
| <b>Net cash used in operating activities</b>               | (1,525,836)                                    | (3,305,030)                                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |  |  |
| Exploration and evaluation assets                          | -  | (17,370)                                       |
| Cash acquired from Carpo acquisition                       | 67,055   | -  |
| <b>Net cash provided by (used in) investing activities</b> | 67,055   | (17,370)                                       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |  |  |
| Exercise of warrants                                       | 194,300  | 529,185  |
| Private placement  | -  | 7,000,499                                      |
| Share issuance costs                                       | -  | (173,564)                                      |
| <b>Net cash provided by financing activities</b>           | 194,300  | 7,356,120                                      |
| Change in cash   | (1,264,481)                                    | 4,033,720                                      |
| <b>Cash, beginning</b>                                     | 3,169,379                                      | 1,676  |
| <b>Cash, ending</b>  | 1,904,898                                      | 4,035,396                                      |

**Supplemental Cash Flow Information:**

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.

During the period ended October 31, 2020, the Company issued 2,278,344 units at a fair value of \$284,987 for share issuance costs.

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

## **FREEMPORT RESOURCES INC.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED OCTOBER 31, 2021**

(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 diversified portfolio of exploration and evaluation assets in Papua New Guinea (PNG), Newfoundland and Labrador (NL) and British Columbia (BC).

The Company's head office, principal address and registered and records office are located at Suite 510, 580 Hornby Street, Vancouver, BC V6C 3B6.

During the period ended October 31, 2021, the Company 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 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, 2021, the Company had not advanced its property 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.

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

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

The condensed consolidated interim financial statements were authorized for issue on December 29, 2021 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, 2021. 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, 2021.

##### ***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.

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

(Expressed in Canadian Dollars)

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

***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 October 31, 2021</b> | <b>Ownership Interest January 31, 2021</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%                                       | -  |
| Era Resources Inc. ("Era")   | Mineral property exploration | Cayman Islands                | 100%                                       | -  |
| Marengo Mining (Australia) Pty Limited ("Marengo")                 | Mineral property exploration | Australia                     | 100%                                       | -  |
| Yandera Mining Company Limited ("Yandera")                         | Mineral property exploration | Papua New Guinea              | 100%                                       | -  |
| Yandera Mining Company (Holdings) Pty Limited ("Yandera Holdings") | Mineral property exploration | Australia                     | 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, 2021**(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. No finder's fees or commissions are payable in connection with the transaction. The exploration expenditures are accounted for as project investigation costs in the statements of comprehensive loss.

**Yandera Copper Project**

During the period ended October 31, 2021, the Company completed the acquisition of Carpo by acquiring all of the outstanding share capital from the vendors. Carpo is a privately held company that controls Era, a corporation established under the laws of the Cayman Islands and which itself controls 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. No finder's fees or commissions are payable in connection with the Transaction. The exploration expenditures and the fair value of the shares issued are accounted for as project investigation costs in the statements of comprehensive loss.

|  |                     |
|--|---------------------|
| <b>Consideration</b>                     |                     |
| Value of 20,000,000 common shares issued | \$ 4,000,000        |
| <b>Total consideration value:</b>        | <b>\$ 4,000,000</b> |
| <b>Allocation of consideration paid</b>  |                     |
| Project investigation costs              | \$ 3,499,843        |
| Cash                                     | 67,055              |
| Receivables                              | 74,428              |
| Property and equipment                   | 422,561             |
| Accounts payable                         | (63,887)            |
|  | <b>\$ 4,000,000</b> |

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

(Expressed in Canadian Dollars)

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

The Hutton Property is located in Northern Labrador, Canada and is an exploration and evaluation stage garnet sand project. The Company owns 100% of the interest in the property. The Company owns 100% of the Red Rose property, and 50% of the Tsirku-Jarvis property, with no future commitments with respect to these properties. During the period ended October 31, 2021, the Company wrote down the Q and the Spanish Mountains properties to \$nil.

|                                    | <b>Hutton<br/>Property<br/>NL,<br/>Canada<br/>\$</b> | <b>Red Rose<br/>Mine<br/>BC,<br/>Canada<br/>\$</b> | <b>Q (Eaglet)<br/>Property<br/>BC,<br/>Canada<br/>\$</b> | <b>Spanish<br/>Mountain<br/>Gold<br/>Property<br/>BC,<br/>Canada<br/>\$</b> | <b>Tsirku-<br/>Jarvis<br/>Property<br/>BC,<br/>Canada<br/>\$</b> | <b>Total<br/>\$</b> |
|------------------------------------|--|--|--|---|--|---------------------|
| <b>Acquisition costs:</b>          |  |  |  |   |  |                     |
| Balance, January 31, 2021 and 2020 | 1  | 1  | 1  | 1   | 1  | 5                   |
| Write-down of acquisition costs    | -  | -  | (1)  | (1)   | -  | (2)                 |
| Balance, October 31, 2021          | 1  | 1  | -  | -   | 1  | 3                   |

**4. RELATED PARTY TRANSACTIONS**

The following balances are owing to directors, officers and companies controlled by the directors and officers:

|  | <b>October 31,<br/>2021<br/>\$</b> | <b>January 31,<br/>2021<br/>\$</b> |
|--|------------------------------------|------------------------------------|
| Due to an accounting firm of which a director and officer is a partner | -                                  | 2,875                              |
|  | -                                  | 2,875                              |

The Company had the following transactions with key management personnel during the period ended October 31, 2021 and 2020:

|                             | <b>2021<br/>\$</b> | <b>2020<br/>\$</b> |
|-----------------------------|--------------------|--------------------|
| Management fees             | 45,000             | 44,564             |
| Consulting fees             | 31,016             | 49,893             |
| Accounting fees             | 45,000             | 35,000             |
| Project investigation costs | 65,568             | -                  |
| Share-based payments        | 258,328            | -                  |
|                             | 444,912            | 129,457            |

**FREEMPORT RESOURCES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED OCTOBER 31, 2021**

(Expressed in Canadian Dollars)

---

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

Unlimited common shares without par value.

*Issued share capital*

During the period ended October 31, 2021, the Company:

- a) Issued 2,009,667 common shares from the exercise of warrants for proceeds of \$194,300.
- b) Issued 20,000,000 common shares at a fair value of \$4,000,000 for project investigation costs (Note 3).

During the year ended January 31, 2021, the Company:

- a) Completed a private placement for proceeds of \$3,000,000 from the issuance of 40,000,000 units at \$0.075 per unit. Each unit consists of one common share and one warrant at an exercise price of \$0.10 until June 4, 2022. The Company issued 1,771,184 finder's units under the same terms. The finders' shares were fair valued at \$132,839 and the warrants had a fair value of \$619,784, determined using Black Scholes Option Pricing Model. In addition, the Company paid cash share issuance costs of \$49,712 related to the financing.
- b) Completed a private placement for proceeds of \$4,000,499 from the issuance of 13,334,997 units at \$0.30 per unit. Each unit consists of one common share and one half of one warrant at an exercise price of \$0.40 until February 10, 2022. The Company issued 507,160 finder's units under the same terms. The finders' shares were fair valued at \$152,148 and the warrants had a fair value of \$145,177, determined using Black Scholes Option Pricing Model. In addition, the Company paid cash share issuance costs of \$123,852 related to the financing.
- c) Issued 6,248,119 common shares from the exercise of warrants for proceeds of \$624,812.
- d) Issued 10,000,000 common shares at a fair value of \$6,000,000 for project investigation costs (Note 3).
- e) Received \$6,667 for warrants exercised during the period ended October 31, 2021.

*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 period ended October 31, 2021, 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.

During the year ended January 31, 2021, the Company granted 2,200,000 incentive stock options exercisable at a price of \$0.29 for five years from the date of grant. The incentive stock options were granted to officers, directors and consultants of the Company.

**FREEMPORT RESOURCES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED OCTOBER 31, 2021**

(Expressed in Canadian Dollars)

**5. SHARE CAPITAL (continued)**

The following table summarizes the continuity of stock options:

|                                  | Number of<br>options | Weighted<br>average<br>exercise<br>price<br>\$ |
|----------------------------------|----------------------|--|
| Balance, January 31, 2020        | -                    | -  |
| Granted                          | 2,200,000            | 0.29   |
| Balance, January 31, 2021        | 2,200,000            | 0.29   |
| Granted                          | 3,000,000            | 0.20   |
| <b>Balance, October 31, 2021</b> | <b>5,200,000</b>     | <b>0.24</b>                                    |

As at October 31, 2021, the following options were outstanding:

| Number of<br>options<br>outstanding | Exercise<br>price<br>\$ | Expiry date      |
|-------------------------------------|-------------------------|------------------|
| 3,000,000                           | 0.20                    | August 23, 2025  |
| 2,200,000                           | 0.29                    | November 6, 2025 |
| <b>5,200,000</b>                    |                         |                  |

The share-based payments expense recognized during the period ended October 31, 2021 was \$553,562 (year ended January 31, 2021 - \$621,354) calculated using the Black-Scholes Option Pricing Model on the grant date using the following weighted average assumptions:

|                          | Nine months ended<br>October 31, 2021 | Year ended<br>January 31, 2021 |
|--------------------------|---------------------------------------|--------------------------------|
| Risk-free interest rate  | 0.82%                                 | 0.40%                          |
| Expected life (in years) | 5                                     | 5                              |
| Expected volatility      | 157%                                  | 199%                           |
| Dividend rate            | 0%                                    | 0%                             |

Warrants

|                                      | Number of<br>Warrants | Weighted<br>Average<br>Exercise<br>Price |
|--------------------------------------|-----------------------|--|
| Outstanding at January 31, 2020      | -                     | \$ -                                     |
| Issued                               | 48,692,268            | 0.14                                     |
| Exercised                            | (6,248,119)           | 0.10                                     |
| Outstanding, January 31, 2021        | 42,444,149            | 0.15                                     |
| Exercised                            | (2,009,667)           | 0.10                                     |
| <b>Outstanding, October 31, 2021</b> | <b>40,434,482</b>     | <b>\$ 0.15</b>                           |

**FREEMPORT RESOURCES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED OCTOBER 31, 2021**(Expressed in Canadian Dollars)

---

**5. SHARE CAPITAL (continued)**

Additional information regarding warrants outstanding as at October 31, 2021 is as follows:

| Exercise price | Number of warrants | Expiry Date       |
|----------------|--------------------|-------------------|
| \$ 0.40        | 6,921,084          | February 10, 2022 |
| 0.10           | 33,513,398         | June 4, 2022      |
|                | 40,434,482         |                   |

**6. 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, 2021.

**7. FINANCIAL INSTRUMENTS****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, 2021, the Company's financial instruments consist of cash, 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.

**FREEMPORT RESOURCES INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED OCTOBER 31, 2021**

(Expressed in Canadian Dollars)

**7. FINANCIAL INSTRUMENTS (continued)***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.

*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.

**8. SEGMENTED INFORMATION**

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

|                                   | <b>October 31, 2021</b> |                |                  | <b>January 31, 2021</b> |              |                  |
|-----------------------------------|-------------------------|----------------|------------------|-------------------------|--------------|------------------|
|                                   | <b>Canada</b>           | <b>PNG</b>     | <b>Total</b>     | <b>Canada</b>           | <b>PNG</b>   | <b>Total</b>     |
|                                   | <b>\$</b>               | <b>\$</b>      | <b>\$</b>        | <b>\$</b>               | <b>\$</b>    | <b>\$</b>        |
| Current assets                    | 1,878,790               | 181,836        | 2,060,626        | 3,319,887               | 8,959        | 3,328,846        |
| Exploration and evaluation assets | 3                       | -              | 3                | 5                       | -            | 5                |
| Property and equipment            | -                       | 404,748        | 404,748          | -                       | -            | -                |
| <b>Total assets</b>               | <b>1,878,793</b>        | <b>586,584</b> | <b>2,465,377</b> | <b>3,319,892</b>        | <b>8,959</b> | <b>3,328,851</b> |