



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, 2021 \$	January 31, 2021 \$
ASSETS			
Current Assets			
Cash		1,904,898	3,169,379
Receivables		103,682	26,683
Prepaid expenses		52,046	132,784
		2,060,626	3,328,846
Non-current assets			
Exploration and evaluation assets	3	3	5
Property and equipment		404,748	-
Total assets		2,465,377	3,328,851
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities		134,474	127,337
Due to related parties	4	-	2,875
Total Liabilities		134,474	130,212
Shareholders' equity			
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)
Total shareholders' equity		2,330,903	3,198,639
Total liabilities and shareholders' equity		2,465,377	3,328,851

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 October 31, 2021	Three Months Ended October 31, 2020	Nine Months Ended October 31, 2021	Nine Months Ended October 31, 2020
	Notes	\$	\$	\$	\$
EXPENSES					
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
LOSS BEFORE OTHER ITEMS					
		(4,899,498)	(788,771)	(5,925,653)	(1,072,953)
OTHER ITEMS					
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)	-
LOSS FOR THE PERIOD					
		(4,928,084)	(762,200)	(5,932,451)	(1,039,789)
Translation adjustment					
		316,853	-	316,853	-
COMPREHENSIVE LOSS FOR THE PERIOD					
		(4,611,231)	(762,200)	(5,615,598)	(1,039,789)
LOSS PER COMMON SHARE – BASIC AND DILUTED					
		(0.05)	(0.01)	(0.07)	(0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED					
		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 Payment Reserve	Shares Subscribed	Accumulated Other Comprehensive Income (Translation Adjustment)	Deficit	Total
	Number*	Amount \$					
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 exploration and 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 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

(*) 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 October 31, 2021 \$	Nine Months Ended October 31, 2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(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
Net cash used in operating activities	(1,525,836)	(3,305,030)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	-	(17,370)
Cash acquired from Carpo acquisition	67,055	-
Net cash provided by (used in) investing activities	67,055	(17,370)
CASH FLOWS FROM FINANCING ACTIVITIES		
Exercise of warrants	194,300	529,185
Private placement	-	7,000,499
Share issuance costs	-	(173,564)
Net cash provided by financing activities	194,300	7,356,120
Change in cash	(1,264,481)	4,033,720
Cash, beginning	3,169,379	1,676
Cash, ending	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:

Name of subsidiary	Principal activity	Place of Incorporation	Ownership Interest October 31, 2021	Ownership Interest January 31, 2021
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.

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

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.

	Hutton Property NL, Canada \$	Red Rose Mine BC, Canada \$	Q (Eaglet) Property BC, Canada \$	Spanish Mountain Gold Property BC, Canada \$	Tsirku- Jarvis Property BC, Canada \$	Total \$
Acquisition costs:						
Balance, January 31, 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:

	October 31, 2021 \$	January 31, 2021 \$
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:

	2021 \$	2020 \$
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 options	Weighted average exercise price \$
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
Balance, October 31, 2021	5,200,000	0.24

As at October 31, 2021, 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, 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 October 31, 2021	Year ended 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 Warrants	Weighted Average Exercise 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
Outstanding, October 31, 2021	40,434,482	\$ 0.15

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:

	October 31, 2021			January 31, 2021		
	Canada	PNG	Total	Canada	PNG	Total
	\$	\$	\$	\$	\$	\$
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	-	-	-
Total assets	1,878,793	586,584	2,465,377	3,319,892	8,959	3,328,851