



FREEPORT

RESOURCES INC.

Management Discussion & Analysis

For the Year Ended
January 31, 2022

The following Management Discussion and Analysis (“MD&A”) of Freeport Resources Inc. (the “Company”) has been prepared by management in accordance with the requirements of National Instrument 51-102 (“NI 51-102”) as of May 31, 2022 and should be read in conjunction with the audited consolidated financial statements for the year ended January 31, 2022, the related notes contained therein which have been prepared under International Financial Reporting Standards (“IFRS”). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

OVERVIEW

The Company was incorporated in British Columbia and is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “FRI” and listed on the OTCQB Market 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).

SIGNIFICANT EVENTS/OVERALL PERFORMANCE

In August 2021, the Company granted 3,000,000 stock options exercisable at a price of \$0.20 for four years from the date of grant. The stock options were granted to officers, directors and consultants of the Company.

EXPLORATION ACTIVITIES

Star Mountains Property

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.

In August 2021, the Company announced that its application to extend Exploration License Number EL 1312 has been granted by the Papua New Guinea, Minister of Mining with effect from September 20, 2020 for a term of two years.

In September 2021, the Company announced that its applications to extend Exploration Licenses EL 2467 Mt. Abemh, EL 2001 Benstead and EL 1781 Mt. Scorpion, have been granted by the Minister with effect

from December 2nd, 2020, December 20th 2020 and March 12th, 2020, respectively for a term of two years.

Yandera Copper Project

In August 2021, the Company completed the acquisition of Carpo Resources Inc. (“Carpo”) by acquiring all of the outstanding share capital from the vendors (the “Transaction”). Carpo is a privately held company that controls Era Resources Inc. (“Era”), a corporation established under the laws of the Cayman Islands (“Cayman”) 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.

Location, Physiography and Accessibility

The Yandera project is located approximately 95km southwest of the city of Madang in the foothills of the Bismarck Mountain Range, which is part of the central cordillera of New Guinea, at an elevation of approximately 1,900m above sea level. The site is situated on the northern side of the range, about 13km east-northeast from Mt. Wilhelm, with the extensive floodplain of the Ramu River approximately 20km to the east. The deposit area is mountainous with the Imbrum River valley to the west and the Tai-Yor River valley to the east. Materials and transport for the site team are via helicopter from Madang Airport or from a lay down yard which runs through the village of Usino, a 10-12 minute flight away.

History

In 1965, Kennecott acquired the Exploration License (EL) to work on the Project. They continued ownership and operated until 1973, when Triako Mines acquired the Project and had its operator, Amdex, complete the work programs. Amdex jointly worked with Broken Hill Proprietary Company (BHP) on the property from 1974 to 1977. In 1978 Amdex joint-ventured with Buka Minerals. Work and ownership between Amdex and Buka Minerals continued until 1984, when they dropped the Project. The Project sat idle until 1999, when Highland Pacific and Cyprus Amax acquired an EL and worked on the Project before dropping it prior to 2000. The Project then sat idle again until Belvedere Limited acquired the EL for the property. In 2005, Belvedere formed a joint-venture with Marengo Mining Limited, who operated the property. In 2006, Marengo Mining acquired the Project through the purchase of Belvedere’s interest. Since then Marengo Mining, now Era Resources Inc., has been the sole owner and operator of the Project. Era was subsequently acquired by Carpo which is now owned by the Company.

Geology

Yandera is an igneous, intrusive-hosted, structurally controlled copper porphyry system with ancillary molybdenum and gold composed of a series of adjacent, vertically oriented deposits along recognized structural trends. Mineralization is concentrated in several deposits, namely, Imbruminda, Gremi, Omora, Gamagu and Dimbi. Imbruminda, Gremi, and Omora are contiguous and separated from Dimbi by a low-grade, central, silica-rich zone, which is bounded on three sides by high angle faults. The bulk of the mineralization is adjacent to these major structures on a northwest-southeast trend. Locally, north-northeast-trending cross faults bound mineral domains and reflect the structural complexity of the district.

The property lies within the New Guinea Orogenic Belt, which stretches from the southeastern portion of the island through the central mountain ranges into Indonesia, and to the west of Grasberg, Freeport McMoran's giant Copper-Gold mine. The belt is home to some of the world’s largest producing mines and deposits, including the aforementioned Grasberg, which hosts the largest reserve of gold and second largest reserve of copper in the world. This belt includes slices of metamorphic basement and contains a variety of sedimentary packages. Above Paleozoic and early Mesozoic schists, marbles and granodiorite

lie packages of Triassic to Jurassic volcanic, and clastic sediments, and Jurassic to Cretaceous clastic, volcanic, and volcanogenic sediments.

Dr. Nathan Chutas, PhD, CPG, Senior Vice-President of Operations for Freeport, is a qualified person for the purposes of National Instrument 43-101. Dr. Chutas has reviewed and approved the technical content in this MD&A.

SELECTED ANNUAL INFORMATION

The following financial data is derived from the Company's audited consolidated financial statements for the three most recent years:

	2022	2021	2020
	\$	\$	\$
Total Revenues	Nil	Nil	Nil
Net loss for the year	6,468,763	8,846,478	1,388,028
Basic and diluted loss per share	(0.07)	(0.21)	(0.41)
Total Assets	1,607,194	3,328,851	6,949
Deficit	22,368,910	15,900,147	7,053,669

During the year ended January 31, 2022, the Company incurred \$4,093,395 of project investigation costs.

During the year ended January 31, 2021, the Company incurred \$6,195,470 of project investigation costs.

During the year ended January 31, 2020, the Company wrote-down \$1,246,324 of exploration and evaluation assets.

The preparation of financial statements in accordance with IFRS which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RESULTS OF OPERATIONS

Revenues

Due to the Company's status as an exploration and development stage mineral resource company and a lack of commercial production from its properties, the Company currently does not have any revenues from its operations.

Expenses for the year ended January 31, 2022

The Company had a net loss of \$6,468,763 for the year ended January 31, 2022 compared to a net loss of \$8,846,478 for the year ended January 31, 2021.

Expenses details are as follows:

- a) Project investigation costs of \$4,093,395 (2021 - \$6,195,470) – the variance is due to the acquisition of the Yandera Copper Project in the current year and the Star Mountain Property in the previous year, in which the exploration expenditures and fair value of shares issued were accounted for as project investigation costs in the statement of comprehensive loss.
- b) Share-based payments of \$534,245 (2021 - \$621,354) – 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 using the Black-Scholes Pricing Model (2021 – 2,200,000 options exercisable at a price of \$0.29 for four years).

- c) Consulting fees of \$615,182 (2021 - \$1,240,174) – the decrease is due to fewer consultants in the current period as compared to the same period of the prior year.

During the year ended January 31, 2022, the Company wrote-down \$556,034 exploration and evaluation costs related to its properties.

Expenses for the three months ended January 31, 2022

The Company had a net loss of \$536,312 for the three months ended January 31, 2022 compared to a net loss of \$7,806,689 for the three months ended January 31, 2021.

Expenses details are as follows:

- a) Consulting fees of \$158,486 (2021 - \$766,663) – the decrease is due to fewer consultants in the current period as compared to the same period of the prior year.
- b) Project investigation cost recovery of \$278,648 (2021 – costs of \$6,195,470) – the variance is due to the acquisition of the Yandera Copper Project in the current period and the Star Mountain Property in the previous period, in which the exploration expenditures and fair value of shares issued were accounted for as project investigation costs in the statement of comprehensive loss. In the current period the Company reclassified certain expenditures on the Star Mountains Property to exploration and evaluation assets from project investigation costs.
- c) Share-based payments of \$nil (2021 - \$621,354) – During the period ended January 31, 2021, the Company granted 2,200,000 incentive stock options exercisable at a price of \$0.29 for four years from the date of grant using the Black-Scholes Pricing Model.

During the period ended January 31, 2022, the Company wrote-down \$556,034 exploration and evaluation costs related to its properties.

SUMMARY OF QUARTERLY REPORTS

The following table summarizes the Company’s financial results for each of the most recently completed quarters:

	Revenue \$	Loss \$	Loss Per Share
January 31, 2022	Nil	(536,312)	(0.01)
October 31, 2021	Nil	(4,928,084)	(0.05)
July 31, 2021	Nil	(544,283)	(0.01)
April 30, 2021	Nil	(460,084)	(0.01)
January 31, 2021	Nil	(7,801,689)	(0.19)
October 31, 2020	Nil	(762,200)	(0.01)
July 31, 2020	Nil	(232,316)	(0.01)
April 30, 2020	Nil	(45,273)	(0.01)

During the three months ended October 31, 2021, the Company recorded project investigation costs of \$3,922,405 related to the acquisition of the Yandera Copper Project.

During the three months ended January 31, 2021, the Company recorded project investigation costs of \$6,195,470 related to the Star Mountain Property.

During the three months ended January 31, 2020, the Company wrote-down exploration and evaluation costs of \$1,246,324.

LIQUIDITY AND CAPITAL RESOURCES

The accompanying condensed consolidated interim financial statements have been prepared in accordance with IFRS on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon the continuing financial support of creditors and stockholders, refinancing debts payable, obtaining additional long-term debt or equity financing, as well as achieving and maintaining a profitable level of operations. As the outcome of these matters cannot be predicted at this time, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's primary capital assets are mineral property assets.

During the period ended January 31, 2022, the Company issued 2,009,667 common shares from the exercise of warrants for proceeds of \$194,300.

	<u>January 31, 2022</u>	<u>January 31, 2021</u>
Working capital	1,453,787	3,198,634
Accumulated deficit	22,368,910	15,900,147

TRANSACTIONS WITH RELATED PARTIES

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

	January 31, 2022	January 31, 2021
	\$	\$
Due to an accounting firm of which a director and officer is a partner	-	2,875
Due to a company controlled by a director and officer of the Company	8,018	-
	8,018	2,875

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

	2022	2021
	\$	\$
Management fees	60,000	59,564
Consulting fees	55,324	68,438
Accounting fees	60,000	77,500
Office and general	18,466	-
Project investigation costs	53,813	6,419
Share-based payments	249,315	310,677
	496,918	522,598

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of Freeport's accounting policies are presented in Note 2 of the consolidated financial statements for the year ended January 31, 2022. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's audited financial statements and the uncertainties that could have a bearing on its financial results.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Please refer to the audited consolidated financial statements for the year ended January 31, 2022 on www.sedar.com.

FINANCIAL INSTRUMENTS

Please refer to the January 31, 2022 audited consolidated financial statements on www.sedar.com.

CAPITAL MANAGEMENT

Please refer to the January 31, 2022 audited consolidated financial statements on www.sedar.com.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCING REPORTING

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

RISKS AND UNCERTAINTIES

The Company's activity of natural resource exploration is considered to be very high risk. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economic, with some of the most significant risks being:

1. Substantial expenditures are required to explore for mineral reserves and the chances of identifying economical reserves are extremely small;
2. The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as it requires them;
3. Although the Company has taken steps to verify title to the mineral properties it has an interest in or is earning into, there is no guarantee that the property will not be subject to title disputes or undetected defects; and
4. The Company is subject to the laws and regulations relating to environmental matters, including provisions relating to reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental protection legislation and is not aware of any existing environmental problems related to its properties that may cause material liability to the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

DISCLOSURE BY VENTURE ISSUER WITHOUT SIGNIFICANT REVENUE

A breakdown of the components of the Company's expenses is disclosed in the consolidated financial statements for the year ended January 31, 2022 to which this MD&A relates.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying condensed consolidated interim financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

OTHER MD&A REQUIREMENTS

Additional information relating to the Company's operations and activities can be found by accessing the Company's news releases and filings on SEDAR at www.sedar.com.

OUTSTANDING SHARES, STOCK OPTIONS AND WARRANTS

As at the date of this report, the Company had the following outstanding:

- 97,237,375 common shares
- Stock options

Number of Options	Exercise Price (\$)	Expiry Date
3,000,000	0.20	August 23, 2025
2,200,000	0.29	November 6, 2025
5,200,000		

- Warrants

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

FORWARD-LOOKING STATEMENTS

This MD&A together with the Company's financial statements contain certain statements that may be deemed "forward-looking statements". All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward looking statements. Forward looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Information inferred from the interpretation of drilling results and information concerning resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements.

Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including risks that may affect the Company's operating or capital plans, including risks generally encountered in the exploration and development of natural resource properties, such as unusual or unexpected geological formations, unanticipated metallurgical difficulties, ground control problems, process upsets and equipment malfunctions; risks associated with labour and unavailability of skilled labour; fluctuations in the market prices of the Company's principal products, which are cyclical and subject to substantial price fluctuations; risks created through competition for natural resource properties; risks associated with lack of access to markets; risks associated with mineral and resource estimates, including the risk of errors in assumptions or methodologies; risks posed by fluctuations in exchange rates and interest rates, as well as general economic conditions; risks associated with environmental compliance and permitting, including those created by changes in environmental legislation and regulation; risks associated with the Company's dependence on third parties in the provision of transportation and other critical services; risks associated with aboriginal title claims and other title risks; social and political risks associated with operations in foreign countries; and risks associated with legal proceedings.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for, deliveries of, and the level and volatility of commodity prices develop as expected; that the Company receives regulatory and governmental approvals as are necessary on a timely basis; that the Company is able to obtain financing as necessary on reasonable terms; that there is no unforeseen deterioration in the Company's activity costs; that the Company is able to continue to secure adequate transportation as necessary for its exploration activities; that the Company is able to procure equipment and supplies, as necessary, in sufficient quantities and on a timely basis; that exploration activity timetables and capital costs for the Company's planned projects are not incorrectly estimated or affected by unforeseen circumstances; that costs of closure of various operations are accurately estimated; that there are no unanticipated changes to market competition; that the Company's estimates in relation to its natural resource interests are within reasonable bounds of accuracy (including with respect to size, grade and recoverability of mineral projects) and that the geological, operational and price assumptions on which these are based are reasonable; that no environmental and other proceedings or disputes arise; and that the Company maintains its ongoing relations with its employees, consultants and advisors.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.