



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

Condensed Consolidated Interim Financial Statements
For the six months ended July 31, 2023

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	July 31, 2023	January 31, 2023
		\$	\$
ASSETS			
Current Assets			
Cash		1,450,975	1,133,567
GST receivable		15,406	26,592
Prepaid expenses		164,176	117,743
Total assets		1,630,557	1,277,902
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	4	114,769	684,570
Total Liabilities		114,769	684,570
Shareholders' equity			
Share capital	5	24,601,036	21,765,804
Shares subscribed	5	-	646,667
Share-based payment reserve	5	2,240,228	2,061,528
Accumulated other comprehensive loss		(26,976)	(18,555)
Deficit		(25,298,500)	(23,862,112)
Total shareholders' equity		1,515,788	593,332
Total liabilities and shareholders' equity		1,630,557	1,277,902

Nature and continuance of operations (Note 1)

Approved for issuance on behalf of the Board of Directors:

“Gord Friesen”

Director

“Allan Glowach”

Director

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

FREEMPORT RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

		Three Months Ended July 31, 2023	Three Months Ended July 31, 2022	Six Months Ended July 31, 2023	Six Months Ended July 31, 2022
	Notes	\$	\$	\$	\$
EXPENSES					
Advertising and promotion		41,785	15,000	51,596	18,000
Audit and accounting	4	20,427	15,000	35,427	30,000
Consulting	4	343,939	146,554	644,497	296,043
Legal		4,433	19,444	10,366	21,009
Management fees	4	15,000	11,000	39,876	24,000
Office and general	4	31,232	37,022	80,591	60,000
Exploration and evaluation expenditures	3,4	93,973	45,889	202,477	99,383
Share-based payments	4,5	-	-	178,700	-
Stock exchange fees and licenses		7,100	6,813	18,218	17,042
Transfer agent fees		1,837	10,719	6,747	11,729
Travel		47,673	-	144,051	-
LOSS BEFORE OTHER ITEMS		(607,399)	(307,441)	(1,412,546)	(577,206)
OTHER ITEMS					
Write-down of GST receivable		-	(315)	-	(40,614)
Foreign exchange		(13,161)	1,003	(23,842)	(9,132)
Write-down of exploration and evaluation assets		-	(32,060)	-	(129,301)
LOSS FOR THE PERIOD		(620,560)	(338,813)	(1,436,388)	(756,253)
Translation adjustment		(5,924)	(1,568)	(8,421)	(1,672)
COMPREHENSIVE LOSS FOR THE PERIOD		(626,484)	(340,381)	(1,444,809)	(757,925)
LOSS PER COMMON SHARE – BASIC AND DILUTED		(0.00)	(0.00)	(0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED		147,055,199	97,237,375	157,326,822	97,237,375

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

FREEPORT RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	<u>Common shares</u>				Accumulated Other Comprehensive Loss (Translation Adjustment)	Deficit	Total
	Number	Amount \$	Share-based Payment Reserve \$	Shares Subscribed \$	\$	\$	\$
Balance at January 31, 2022	97,237,375	21,765,804	2,061,528	-	(4,635)	(22,368,910)	1,453,787
Foreign exchange adjustment	-	-	-	-	(1,672)	-	(1,672)
Net loss for the period	-	-	-	-	-	(756,253)	(756,253)
Balance at July 31, 2022	97,237,375	21,765,804	2,061,528	-	(6,307)	(23,125,163)	695,862
Balance at January 31, 2023	97,237,375	21,765,804	2,061,528	646,667	(18,555)	(23,862,112)	593,332
Private placement	59,285,447	2,964,272	-	(646,667)	-	-	2,317,605
Share issuance costs - shares	804,000	40,200	-	-	-	-	40,200
Share issuance costs	-	(169,240)	-	-	-	-	(169,240)
Share-based payments	-	-	178,700	-	-	-	178,700
Foreign exchange adjustment	-	-	-	-	(8,421)	-	(8,421)
Net loss for the period	-	-	-	-	-	(1,436,388)	(1,436,388)
Balance at July 31, 2023	157,326,822	24,601,036	2,240,228	-	(26,976)	(25,298,500)	1,515,788

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

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

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

	Six Months Ended July 31, 2023 \$	Six Months Ended July 31, 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(1,436,388)	(756,253)
Adjustments for non-cash items:		
Share-based payments	178,700	-
Write-down of exploration and evaluation assets	-	129,301
Write-down of GST receivable	-	40,614
Foreign exchange	(8,421)	(1,672)
Working capital adjustments:		
GST receivable	11,186	(5,987)
Prepaid expenses	(46,433)	56,211
Trade payables and accrued liabilities	(569,801)	156,970
Net cash used in operating activities	(1,871,157)	(380,816)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	-	(129,301)
Net cash used in investing activities	-	(129,301)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares, net of cash share issuance costs	2,188,565	-
Net cash provided by financing activities	2,188,565	-
Change in cash	317,408	(510,117)
Cash, beginning	1,133,567	1,435,246
Cash, ending	1,450,975	925,129

Supplemental cash flow information:

During the period ended July 31, 2023, the Company issued 804,000 units at a fair value of \$40,200 for share issuance costs.

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

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

FREEPORT RESOURCES INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JULY 31, 2023

(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 that controls an application for the renewal of an exploration license located in Papua New Guinea (PNG).

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

At July 31, 2023, the Company had not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets and related deferred exploration costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production from the exploration and evaluation assets or proceeds from the disposition of the exploration and evaluation asset.

These condensed consolidated interim financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly will be able to realize its assets and discharge its liabilities in the normal course of operations. At July 31, 2023, the Company had an accumulated deficit of \$25,298,500 and expected to incur further losses, and required additional equity financing to continue developing its business and to meet its obligations. While the Company has been successful at raising additional equity financing in the past, there is no guarantee that it will continue to do so in the future, which results in a material uncertainty that casts significant doubt on the Company’s ability to continue as a going concern.

The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These condensed consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements. These adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The condensed consolidated interim financial statements were authorized for issue on September 26, 2023 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, 2023. 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, 2023.

Statement of compliance

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

Basis of preparation

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

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.

FREEPORT RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2023**

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)***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 July 31, 2023	Ownership Interest January 31, 2023
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	British Columbia	100%	100%
Era Resources Inc. (“Era”)	Mineral property exploration	Cayman Islands	100%	100%
Marengo Mining (Australia) Pty Limited (“Marengo”)	Mineral property exploration	Australia	100%	100%
Yandera Mining Company Limited (“Yandera”)	Mineral property exploration	Papua New Guinea	100%	100%
Yandera Mining Company (Holdings) Pty Limited (“Yandera Holdings”)	Mineral property exploration	Australia	100%	100%

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting years include the recoverability of the carrying value of exploration and evaluation assets and the recoverability and measurement of deferred tax assets.

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;
- 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); and
- Fair value of stock options, warrants and compensation options.

FREEPORT RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2023**

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

Ownership of mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

The Company incurred the following exploration and evaluation expenditures during the period ended July 31, 2023 and the year ended January 31, 2023:

	Star Mountains Property PNG	Hutton Property NL, Canada	Red Rose Mine BC, Canada	Q (Eaglet) Property BC, Canada	Spanish Mountain Gold Property BC, Canada	Tsirku- Jarvis Property BC, Canada	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, January 31, 2022	-	-	-	-	-	-	-
Additions:							
Consulting and technical fees	30,794	-	-	-	-	-	30,794
Field expenditures	27,816	-	-	-	-	-	27,816
Office and miscellaneous	34,386	-	-	-	-	-	34,386
Travel and accommodation	2,447	-	-	-	-	-	2,447
	95,443	-	-	-	-	-	95,443
Impairment	(95,443)	-	-	-	-	-	(95,443)
Balance, January 31, 2023 and July 31, 2023	-	-	-	-	-	-	-

Star Mountain 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. During the year ended January 31, 2023, the Company allowed the licenses to lapse in accordance with its existing terms and wrote-down \$95,443 of exploration and evaluation assets related to the property.

Yandera Copper Project

During the year ended January 31, 2022, the Company acquired all of the outstanding share capital of Carpo Resources Inc. (“Carpo”). Carpo is a privately held company that controls Yandera, a corporation established under the laws of Papua New Guinea 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. The seller retained a 1.5% net smelter return “NSR” on the first 20 years of production and the PNG government retains a 2% NSR on the property.

As at August 11, 2021, an application for the extension of the exploration license which had expired in November 2019 had been filed with the Minister of Mining for Papua New Guinea (“MPNG”). While the Company has certain rights to the Yandera Copper Project under the expired license, because the renewal is subject to approval by the MPNG, the Company recorded \$202,477 during the period ended July 31, 2023 (\$181,712 during the year ended January 31, 2023) to exploration and evaluation expenditures on the statement of comprehensive loss. During the period ended July 31, 2023, the Company received notification from the Papua New Guinea Mineral Resources Authority (the MRA) of the renewal of exploration license EL 1335, which covers the concession comprising the Yandera Copper Project. The renewal was granted with effect from November 20, 2019, for a term of two years ended November 19, 2021.

FREEPORT RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2023**

(Expressed in Canadian Dollars)

4. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors.

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

	July 31, 2023	January 31, 2023
	\$	\$
Due to a company controlled by a director and officer	5,250	5,250
Due to a firm of which a director and officer is a partner	-	77,628
Due to a company controlled by a director and officer	-	49,088
	5,250	131,966

The Company had the following transactions with key management personnel during the periods ended July 31, 2023 and 2022:

	2023	2022
	\$	\$
Management fees	39,876	24,000
Consulting fees	23,240	4,839
Accounting fees	30,000	30,000
Office and general	8,869	9,114
Exploration and evaluation expenditures	50,787	4,967
Share-based payments	50,931	-
	203,703	72,920

FREEMPORT RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2023**(Expressed in Canadian Dollars)

5. SHARE CAPITAL*Authorized share capital*

Unlimited common shares without par value.

Issued share capital

During the period ended July 31, 2023, the Company completed a private placement in four tranches for gross proceeds of \$2,964,272 (of which \$646,667 was received during the year ended January 31, 2023) from the issuance of 59,285,447 units at \$0.05 per unit. Each unit consists of one common share and one-half of one common share purchase warrant at an exercise price of \$0.10 for a period of 18 months. The Company issued 804,000 finder's units under the same terms with a fair value of \$40,200. The Company paid \$129,040 of cash share issuance costs in relation to the financing.

There were no share issuances during the year ended January 31, 2023.

*Stock options and warrants*Stock options

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 July 31, 2023, the Company granted 5,000,000 incentive stock options to certain directors, officers and consultants of the Company. The options vested immediately and are exercisable at a price of \$0.05 until March 31, 2028.

The following table summarizes the continuity of stock options:

	Number of options	Weighted average exercise price \$
Balance, January 31, 2022 and 2023	5,200,000	0.24
Granted	5,000,000	0.05
Balance, July 31, 2023	10,200,000	0.15

FREEMPORT RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2023**

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued)

As at July 31, 2023, 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
5,000,000	0.05	March 31, 2028
10,200,000		

The share-based payments expense recognized during the period ended July 31, 2023 was \$178,700 (year ended January 31, 2023 - \$nil) calculated using the Black-Scholes Option Pricing Model on the grant date using the following assumptions:

	Period ended July 31, 2023	Year ended January 31, 2023
Risk-free interest rate	3.02%	-
Expected life (in years)	5	-
Expected volatility	146%	-
Dividend rate	-	-

Warrants

	Number of Warrants	Weighted Average Exercise Price
Outstanding at January 31, 2022	40,434,482	\$ 0.15
Exercised	(1,288,978)	0.16
Outstanding at January 31, 2023	39,145,504	0.15
Granted	30,044,724	0.10
Outstanding at July 31, 2023	69,190,228	\$ 0.13

Additional information regarding warrants outstanding as at July 31, 2023 is as follows:

Exercise price (\$)	Number of warrants	Expiry Date
0.10	14,386,167	August 3, 2024
0.10	6,522,000	August 28, 2024
0.10	2,800,000	September 30, 2024
+0.10	6,336,557	October 26, 2024
0.10	32,478,000	June 4, 2025
0.40	6,667,504	August 10, 2025
	69,190,228	

FREEMPORT RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2023**

(Expressed in Canadian Dollars)

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 July 31, 2023.

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

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

	July 31,	January 31,
	2023	2023
	\$	\$
Amortized cost:		
Cash	1,450,975	1,133,567
GST receivable	15,406	26,592
	1,466,381	1,160,159

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

	July 31,	January 31,
	2023	2023
	\$	\$
Amortized cost:		
Trade payables	114,769	654,570

FREEPORT RESOURCES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JULY 31, 2023**

(Expressed in Canadian Dollars)

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

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

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

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

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

As at July 31, 2023, the Company's financial instruments consist of cash, GST receivable, trade payables and amounts due to related parties. Cash is classified as amortized cost. Trade payables and due to related parties are also classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's receivables consist mainly of tax credits receivable. The Company does not believe it is subject to significant credit risk.

Foreign currency risk

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. The fair value of the Company's cash account is relatively small and unaffected by changes in short term interest rates.

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 one geographical segment, with all current exploration activities being conducted in Papua New Guinea.