

# **Fox River Resources Corporation**

## **Condensed Consolidated Interim Financial Statements**

**For the three month period ended July 31, 2016 and  
the period from incorporation on November 12, 2015 to July 31, 2016  
(unaudited)**

(presented in Canadian dollars)

**Fox River Resources Corporation**  
**Condensed Consolidated Interim Statements of Financial Position**  
(unaudited)

<b>As at</b>	<b>July 31, 2016</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents (note 4a)	\$ 578,288
Accounts receivable	43,301
Prepaid expenses	15,236
	<b>636,825</b>
<b>Non-current assets</b>	
Restricted cash (note 4a)	5,000
Land (note 8)	508,196
	<b>513,196</b>
<b>Total assets</b>	<b>\$ 1,150,021</b>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 2,325
	<b>2,325</b>
<b>Shareholder's equity</b>	
Share capital (note 5)	1,326,226
Share based payment reserve (note 6)	96,580
Deficit	(275,110)
	<b>1,147,696</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 1,150,021</b>

*See accompanying notes to the condensed interim financial statements.*

**Fox River Resources Corporation**  
**Condensed Consolidated Interim Statements of Operations and Comprehensive Loss**  
(unaudited)

	Three months ended July 31, 2016	Period from incorporation on November 12, 2015 to July 31, 2016
<b>Expenses</b>		
Professional fees	\$ 15,519	\$ 75,159
Exploration and evaluation expenditures (note 9 & 10)	16,396	40,051
Consulting fees (note 10)	11,000	37,498
Administration	14,400	31,625
Shareholder information	2,810	9,056
Share based payments (note 6 & 10)	-	96,580
(Loss) from operations	(60,125)	(289,969)
Interest income	141	4,090
Gain (loss) on sale of marketable securities	-	10,769
<b>Net (loss) and comprehensive (loss) for the period</b>	<b>\$ (59,984)</b>	<b>\$ (275,110)</b>
<b>Basic and fully diluted (loss) per share (note 7)</b>	<b>\$ (0.001)</b>	<b>\$ (0.010)</b>

*See accompanying notes to the condensed interim financial statements.*

**Fox River Resources Corporation**  
**Condensed Consolidated Interim Statements of Cash Flows**  
(unaudited)

	Three months ended July 31, 2016	Period from incorporation on November 12, 2015 to July 31, 2016
<b>Cash flows from operating activities</b>		
Net (loss)	\$ (59,984)	\$ (275,110)
Items not affecting cash		
Gain on sale of marketable securities	-	(10,769)
Share based payments	-	96,580
Changes in non-cash working capital items		
Accounts receivable	(6,539)	(43,301)
Prepaid expenses	(156)	(15,236)
Accounts payable and accrued liabilities	(42,790)	2,325
	(109,469)	(245,511)
<b>Cash flows from financing activities</b>		
Proceeds on issuance of share capital (note 5 & 10)	-	210,001
Share issue costs	-	(10,026)
Net cash received from Phoscan Chemical Corporation pursuant to the Plan of Arrangement	-	554,055
	-	754,030
<b>Cash flows from investing activities</b>		
Restricted cash	-	(5,000)
Sale of marketable securities	-	74,769
	-	69,769
<b>Net change in cash and cash equivalents</b>	<b>(109,469)</b>	<b>578,288</b>
Cash and cash equivalents, beginning of period	687,757	-
<b>Cash and cash equivalents, end of period</b>	<b>\$ 578,288</b>	<b>\$ 578,288</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Shares issued for marketable securities	\$ -	\$ 64,000
Shares issued for land	\$ -	\$ 508,196
Shares issued for extinguishment of accrued liability	\$ -	\$ 39,938

See accompanying notes to the condensed interim financial statements.

**Fox River Resources Corporation**  
**Condensed Consolidated Interim Statement of Changes in Shareholder's Equity**  
(unaudited)

	Number of shares	Share capital	Share based payment reserve	Other comprehensive income	Deficit	Total
<b>Share issuance on incorporation, November 12, 2015</b>	<b>1</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1</b>
Transfer of net assets from Phoscan Chemical Corp. pursuant to Plan of Arrangement (note 2)	33,947,276	1,086,313	-	-	-	1,086,313
Shares issued for extinguishment of accrued liability	1,331,250	39,938	-	-	-	39,938
Private placements (note 5 & 10)	6,000,000	210,000	-	-	-	210,000
Cost of issue of private placements	-	(10,026)	-	-	-	(10,026)
Share based payments	-	-	96,580	-	-	96,580
Net loss and comprehensive loss for the period	-	-	-	-	(275,110)	(275,110)
<b>Balance, July 31, 2016</b>	<b>41,278,527</b>	<b>\$ 1,326,226</b>	<b>\$ 96,580</b>	<b>\$ -</b>	<b>\$ (275,110)</b>	<b>\$ 1,147,696</b>

*See accompanying notes to the condensed interim financial statements.*

**Fox River Resources Corporation**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**Period from incorporation on November 12, 2015 to July 31, 2016**  
(unaudited)

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**1. REPORTING ENTITY**

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Fox River Resources Corporation ("Fox River" or the "Company") was incorporated pursuant to the Canada Business Corporations Act under the name "9508309 Canada Inc." on November 12, 2015. Articles of amendment were subsequently filed on December 7, 2015 to change the name of the Company to "Fox River Resources Corporation". The registered office of the Company is located at 350 Bay Street, Suite 700, Toronto, Ontario M5H 2S6. The Company and its subsidiary, Baltic Resources Inc. ("Baltic") are referred to as a "Group".

The Group's business plan includes acquiring, exploring, evaluating and developing mineral and natural resources properties such as its wholly-owned Martison Phosphate Project.

**2. PLAN OF ARRANGEMENT**

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On November 30, 2015 PhosCan Chemical Corp. ("PhosCan") announced an arrangement (the "Arrangement") contemplated by an arrangement agreement (the "Arrangement Agreement") entered into among PhosCan, Petrus Resources Ltd. ("Petrus"), Petrus Acquisition Corp. ("New Petrus") and 9508309 Canada Inc., subsequently renamed Fox River Resources Corporation, a wholly-owned subsidiary of PhosCan.

In accordance with the Arrangement, Fox River was created to hold:

- (i) PhosCan's Martison phosphate project;
- (ii) a 71.6 acre parcel of land located in the City of Brandon, Manitoba; and
- (iii) all of PhosCan's other assets, with the exception of \$45.4 million of cash and cash equivalents and short term investments, and all of PhosCan's liabilities, including PhosCan's obligations to pay to those shareholders of PhosCan who had dissented in respect of the Arrangement the fair value of their PhosCan shares.

On February 2, 2016 the Arrangement closed and as consideration Fox River issued to PhosCan an aggregate of 33,947,277 common shares in the Company, with a fair value of \$1,086,313 using Fox River's initial five day volume-weighted average price of \$0.032, which shares were distributed pursuant to the Arrangement to PhosCan shareholders, on the basis of one Fox River common share for each four PhosCan common shares outstanding immediately prior to the Arrangement becoming effective.

The carrying value of the net assets contributed pursuant to the Arrangement consisted of the following:

Cash	\$ 6,088,655
Accounts receivable	130,816
Marketable securities	64,000
Land	508,196
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Assets acquired	6,791,667
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Accounts payable and accrued liabilities	5,705,354
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<b>Net assets acquired</b>	<b>\$ 1,086,313</b>

**Fox River Resources Corporation**  
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**3. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE**

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These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") on the basis of International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars.

These condensed consolidated interim financial statements have been prepared on the basis of a going concern, which contemplated the realization of assets and liquidation of liabilities in the normal course of business, and on a historical cost basis except for the revaluation of certain financial instruments. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The Board of Directors approved the condensed consolidated interim financial statements and authorized their issuance on September 27, 2016.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**(a) Cash and cash equivalents**

Cash and cash equivalents include money market instruments which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

	<b>July 31, 2016</b>
Cash	\$ 503,283
Money market instruments	75,005
<b>Cash and cash equivalents</b>	<b>\$ 578,288</b>

Restricted cash consists of GIC collateral of \$5,000 for a corporate credit card.

**(b) Earnings (loss) per share**

Basic earnings (loss) per common share amounts are computed by dividing net earnings (loss) by the weighted-average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares.

**(c) Financial instruments**

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, assets at fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

**Fox River Resources Corporation**  
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Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company has classified its financial instruments as follows:

<b>Financial Instrument</b>	<b>Classification</b>	<b>Valuation Method</b>
Cash and cash equivalents	FVTPL	Fair value
Marketable securities	Available-for-sale	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Due to related parties	Other liabilities	Amortized cost

**Fair value hierarchy**

The Company's financial instruments measured at fair value on the balance sheet consist of cash and marketable securities. Cash and marketable securities are measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

**(d) Share based payments**

The Company has a stock-based compensation plan which is described in Note 6. All stock-based awards are measured and recognized at the date of grant using the Black-Scholes fair valuation option pricing model. The estimated fair value of the stock options is recorded as share based payment expense over the vesting period or at the date of the grant if the options vest immediately with the corresponding effect recorded in share based payment reserve within shareholder's equity. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of share volatility, together with an estimate of the level of forfeiture. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's share purchase options. Any consideration paid to the Company with respect to the exercise of stock options is credited to share capital along with any related share based payment reserve.

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**(e) Exploration and evaluation expenditures**

The Company expenses all costs relating to the acquisition of, exploration for and development of mineral claims and credits all revenues received against the exploration expenditures. Such costs include, but are not limited to geological, geophysical studies, exploratory drilling and sampling.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized; this includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

**(f) Share issue costs**

Costs incurred for the issue of common shares and warrants are deducted from share capital and warrants respectively.

**(g) Future accounting pronouncements**

Standards issued but not yet effective up to the date of issuance of these financial statements are listed below. This list is of standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9 Financial Instruments was issued in final form in July 2014 by the IASB and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

**5. SHARE CAPITAL**

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The authorized share capital consists of an unlimited number of common shares with no par value and an unlimited number of non-voting special shares. As at July 31, 2016, the Company had 41,278,527 common shares issued and outstanding.

On February 2, 2016, the Arrangement (as described in Note 2) closed and as consideration Fox River issued to PhosCan an aggregate of 33,947,277 common shares in the Company, which shares were distributed pursuant to the Arrangement to PhosCan shareholders.

On April 6, 2016, the Company issued 1,331,250 common shares valued at \$0.03 per share, to extinguish a liability of \$39,938 relating to the Arrangement.

On April 20, 2016, the Company closed a non-brokered private placement of 6,000,000 common shares at a price of \$0.035 per share for gross proceeds of \$210,000. In connection with the private placement, the Company incurred legal fees of \$10,026.

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**6. SHARE BASED PAYMENTS**

The Company has a Share Option Plan (the "Plan") under which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The following table reflects the continuity of share options for the period ended July 31, 2016:

	Options	Weighted avg. exercise price
Balance, November 12, 2015	-	\$ -
Granted	2,200,000	0.05
Exercised	-	-
Expired	-	-
<b>Balance, July 31, 2016</b>	<b>2,200,000</b>	<b>\$ 0.05</b>

As at July 31, 2016, the following share options were outstanding and exercisable:

Expiry date	Options	Exercise price
April 1, 2021	2,200,000	\$ 0.05
<b>Options Outstanding and Exercisable</b>	<b>2,200,000</b>	<b>\$ 0.05</b>

**7. LOSS PER SHARE**

The following table sets forth the computation of basic and diluted earnings (loss) per share for the three months ended July 31, 2016 and period since incorporation on November 12, 2015.

	Three months ended July 31, 2016	Period from incorporation on November 12, 2015 to July 31, 2016
Net earnings (loss)	\$ (59,984)	\$ (275,110)
Weighted-average common shares outstanding - basic and diluted	41,278,527	26,247,843
<b>Basic and diluted earnings (loss) per common share</b>	<b>\$ (0.001)</b>	<b>\$ (0.010)</b>

**Fox River Resources Corporation**  
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**8. LAND**

The Company owns a 71.6 acre parcel of land located in the City of Brandon, Manitoba.

**9. EXPLORATION AND EVALUATION EXPENDITURES**

The Group owns a 100% interest in the Martison Phosphate Project (the "Project"), which is located about 70 kilometers northeast of the town of Hearst, Ontario. The Project mining leases and claims cover a contiguous area of approximately 8,256 ha.

The Group's interest in the Project is subject to a net sales returns ("NSR") royalty of 1% for all phosphate concentrate sold, a royalty of \$0.40 per tonne of phosphate concentrate produced subject to escalation based on phosphoric acid prices, and an NSR royalty of 2% for all non-phosphate-related products sold. The Company has a one-time right to acquire the 1% NSR royalty prior to commencement of commercial production for \$3,000,000.

The following table sets forth the items under exploration and evaluation expenditures:

	Three months ended July 31, 2016	Period from incorporation on November 12, 2015 to July 31, 2016
Leases and property taxes <sup>1</sup>	\$ 10,524	\$ 24,444
Storage and rent	5,400	9,000
Technical and consulting	-	6,135
Travel and transportation	300	300
Consultation	172	172
<b>Exploration and evaluation expenditures</b>	<b>\$ 16,396</b>	<b>\$ 40,051</b>

<sup>1</sup>Includes property taxes paid on Martison mining leases and land in Brandon, MB.

**10. RELATED PARTY TRANSACTIONS**

**(a) Director and executive compensation**

Director and executive compensation for the three months ended July 31, 2016 and period from incorporation on November 12, 2015 consisted of the following:

	Three months ended July 31, 2016	Period from incorporation on November 12, 2015 to July 31, 2016
Cash compensation	\$ 10,500	\$ 21,000
Fair value of share options	-	96,580
<b>Total</b>	<b>\$ 10,500</b>	<b>\$ 117,580</b>

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Directors and executives received the following stock options during the period from incorporation on November 12, 2015 to July 31, 2016:

<b>Expiry date</b>	<b>Number of options</b>	<b>Exercise price</b>	<b>Stock Price at grant</b>	<b>Risk-free interest rate</b>	<b>Expected life</b>	<b>Volatility factor</b>	<b>Fair value</b>
April 1, 2021	2,200,000	\$ 0.05	\$ 0.045	1.02%	5.0	201.2%	\$ 0.044

**(b) Director and executive transactions**

The aggregate value of transactions and outstanding balances relating to entities over which directors and executive management have control or significant influence were as follows:

	<b>Note</b>	<b>Transaction value during period from incorporation on November 12, 2015 to July 31, 2016</b>	<b>Balance outstanding as at July 31, 2016</b>
Consulting fees	(i)	\$ 21,000	\$ -
Exploration and evaluation expenditures	(ii)	9,000	-
Private placements	(iii)	127,750	-
<b>Total</b>		<b>\$ 157,750</b>	<b>\$ -</b>

- (i) The Company pays consulting fees of \$3,500 per month to Fraser Laschinger, the Chief Financial Officer.
- (ii) The Company pays rent of \$1,800 per month for the storage of drill core, supplies and equipment to D&S McKinnon Holdings Limited, a corporation controlled by a relative of Gordon McKinnon, a Director of the Company.
- (iii) As part of the non-brokered private placement that closed on April 20, 2016, Stephen Case, the Chief Executive Officer and a Director of the Company, subscribed for 3,200,000 common shares totalling \$112,000, and Gordon McKinnon, a Director of the Company, subscribed for 450,000 common shares totalling \$15,750.

**11. COMMITMENTS AND CONTINGENCIES**

**(a) Office lease**

The Company has a lease that runs through December 31, 2016 for office space that was previously used. The office space has been subleased to another company and Fox River recoups the full amount of rent. As at July 31, 2016 there was \$12,160 remaining on the lease that Fox River would be liable for should it not collect further rent from the sublessee.

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**(b) Mining leases**

The Group has three 21-year mining leases with the Province of Ontario which grant the Group surface and mining rights to the Project. One of the mining leases commenced on August 1, 2002 and the remaining two on May 1, 2011. The aggregate annual payment for the three leases is estimated to be approximately \$13,000.

**12. CAPITAL MANAGEMENT**

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The Group's capital structure consists of shareholder's equity, which amounted to \$1,147,696 on July 31, 2016. Neither the Company nor its subsidiary is subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended July 31, 2016.

**13. FINANCIAL RISK FACTORS**

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The Group's risk exposures and the impact on the Group's financial instruments are summarized below:

**(a) Credit risk**

The Group's credit risk is primarily attributable to accounts receivable which consist primarily of Harmonized Sales Tax receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote.

**(b) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to fund its liabilities as they become due. All of the Company's financial liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. As at July 31, 2016, the Group had cash and cash equivalents of \$578,288 to settle current liabilities of \$2,325.

**(c) Interest rate risk**

The Group has cash balances and no interest-bearing debt. Interest rate risk is remote.