

Fox River Resources Corporation

Condensed Interim Consolidated Financial Statements

For the six months ended April 30, 2017

(unaudited)

(presented in Canadian dollars)

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

As at	April 30, 2017	October 31, 2016
Assets		
Current assets		
Cash and cash equivalents (note 5a)	\$ 473,434	\$ 555,758
Accounts receivable	8,471	48,519
Prepaid expenses	21,367	7,024
	503,272	611,301
Non-current assets		
Restricted cash (note 5a)	5,000	5,000
Land (note 9)	440,301	440,301
	445,301	445,301
Total assets	\$ 948,573	\$ 1,056,602
Liabilities		
Accounts payable and accrued liabilities	\$ 4,594	\$ 17,747
	4,594	17,747
Shareholders' equity		
Share capital (note 6)	1,271,643	1,271,643
Share based payment reserve (note 7)	96,580	96,580
Deficit	(424,244)	(329,368)
	943,979	1,038,855
Total liabilities and shareholders' equity	\$ 948,573	\$ 1,056,602

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

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

	Three months ended Apr. 30, 2017	Three months ended Apr. 30, 2016	Six months ended Apr. 30, 2017	Period from incorporation Nov. 12, 2015 to Apr. 30, 2016
		<i>(restated - note 4)</i>		<i>(restated - note 4)</i>
Expenses				
Administration	\$ 13,015	\$ 30,537	\$ 25,638	\$ 30,537
Shareholder information	20,012	6,246	22,602	6,246
Consulting fees (note 11)	10,500	26,498	21,000	26,498
Exploration & evaluation expenditures (note 10 & 11)	9,738	23,655	18,087	23,655
Professional fees	6,989	59,640	7,862	59,640
Share based payments (note 7 & 11)	-	96,580	-	96,580
(Loss) from operations	(60,254)	(243,156)	(95,189)	(243,156)
Interest income	171	3,949	313	3,949
Gain (loss) on sale of marketable securities	-	10,769	-	10,769
Net loss and comprehensive loss for the period	\$ (60,083)	\$ (228,438)	\$ (94,876)	\$ (228,438)
Basic and fully diluted loss per share (note 8)	\$ (0.001)	\$ (0.007)	\$ (0.002)	\$ (0.013)

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

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

	Six months ended April 30, 2017	Period from incorporation on November 12, 2015 to April 30, 2016
		<i>(restated - note 4)</i>
Cash flows from operating activities		
Net (loss)	\$ (94,876)	\$ (228,438)
Gain on sale of marketable securities	-	(10,769)
Loss on settlement of accrued liability	-	13,312
Share based payments	-	96,580
Changes in non-cash working capital items		
Accounts receivable	40,048	94,054
Prepaid expenses	(14,343)	(15,080)
Accounts payable and accrued liabilities	(13,153)	(146,114)
	(82,324)	(196,455)
Cash flows from financing activities		
Proceeds on issuance of share capital	-	210,001
Share issue costs	-	(10,026)
Cash received from Phoscan Chemical Corp. pursuant to the Plan of Arrangement (note 2)	-	6,088,655
	-	6,288,630
Cash flows from investing activities		
Restricted cash	-	(5,000)
Sale of marketable securities	-	74,769
Payment to dissenting shareholders assumed in Plan of Arrangement (note 2)	-	(5,474,187)
	-	(5,404,418)
Net change in cash and cash equivalents	(82,324)	687,757
Cash and cash equivalents, beginning of period	555,758	-
Cash and cash equivalents, end of period	\$ 473,434	\$ 687,757
SUPPLEMENTAL CASH FLOW INFORMATION		
Shares issued for marketable securities	\$ -	\$ 64,000
Shares issued for land	\$ -	\$ 440,301
Shares issued for extinguishment of accrued liability	\$ -	\$ 39,938

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

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

	Number of shares	Share capital	Share based payment reserve	Deficit	Total
Share issuance on incorporation, November 12, 2015	1	\$ 1	\$ -	\$ -	\$ 1
Transfer of net assets from Phoscan Chemical Corp. pursuant to Plan of Arrangement (note 2)	33,947,276	1,018,419	-	-	1,018,419
Shares issued for extinguishment of accrued liability	1,331,250	53,249	-	-	53,249
Private placements	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	-	-	-	(228,438)	(228,438)
Balance, April 30, 2016 (restated - note 4)	41,278,527	\$ 1,271,643	\$ 96,580	\$ (228,438)	\$ 1,139,785
Net loss and comprehensive loss for the period	-	-	-	(100,930)	(100,930)
Balance, October 31, 2016	41,278,527	\$ 1,271,643	\$ 96,580	\$ (329,368)	\$ 1,038,855
Net loss and comprehensive loss for the period	-	-	-	(94,876)	(94,876)
Balance, April 30, 2017	41,278,527	\$ 1,271,643	\$ 96,580	\$ (424,244)	\$ 943,979

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

Fox River Resources Corporation
Notes to the Condensed Interim Consolidated Financial Statements
April 30, 2017
(unaudited)

1. REPORTING ENTITY

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 has one wholly-owned subsidiary: Baltic Resources Inc. ("Baltic").

The Company'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

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.

Prior to closing of the Arrangement, the Company was advanced \$200,000 in cash by Baltic, and \$64,000 in marketable securities by PhosCan during the period ended January 31, 2016.

On February 2, 2016, the Arrangement closed and as consideration Fox River issued to PhosCan an aggregate of 33,947,276 common shares in the Company, 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	440,301
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Assets acquired	6,723,772
Accounts payable and accrued liabilities	5,705,353
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Net assets acquired	\$ 1,018,419

The transaction has been accounted for as an asset acquisition.

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

These condensed interim consolidated 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") as issued by the International Accounting Standards Board ("IASB"). Accordingly, they do not include all of the information required for full annual financial statements as required by IFRS. These condensed interim consolidated financial statements are presented in Canadian dollars and should be read in conjunction with the Company's audited consolidated financial statements for the period from incorporation on November 12, 2015 to October 31, 2016.

These condensed interim consolidated financial statements have been prepared on the basis of a going concern, which contemplates 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 interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The Board of Directors approved the condensed interim consolidated financial statements and authorized their issuance on June 27, 2017.

4. RESTATEMENT OF COMPARATIVE PERIOD

On February 2, 2016, the Company issued common shares to Phoscan in an asset acquisition pursuant to the Arrangement. The value of the common shares was recorded at \$0.032 per share, but should have been recorded at \$0.03 per share, the closing price of the Company's shares on February 5, 2016. As a result, the value of the land and share capital were overstated by \$67,895. On April 6, 2016, the Company issued common shares to extinguish a liability relating to the Arrangement. The value of the common shares was recorded at \$0.03 per share, but should have been recorded at \$0.035 per share, the closing price of the Company's shares on that day. As a result, share capital was understated by \$13,312 and the Company recognized a loss on the settlement of the accrued liability in the amount of \$13,312.

The impact to the condensed interim consolidated financial statements for the three months ended April 30, 2016 is as follows:

	As previously reported	Adjustment	As restated
Share capital	\$1,326,226	\$ (54,583)	\$1,271,643
Administration	17,225	13,312	30,537
(Loss) from operations	(229,844)	(13,312)	(243,156)
Net (loss) and comprehensive (loss) for the period	(215,126)	(13,312)	(228,438)
Deficit	(215,126)	(13,312)	(228,438)
Basic and fully diluted (loss) per share	\$ (0.01)	\$ -	\$ (0.01)

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The impact to the condensed interim consolidated financial statements for the period from incorporation on November 12, 2015 to April 30, 2016 is as follows:

	As previously reported	Adjustment	As Restated
Share capital	\$1,326,226	\$ (54,583)	\$1,271,643
Administration	17,225	13,312	30,537
(Loss) from operations	(229,844)	(13,312)	(243,156)
Net (loss) and comprehensive (loss) for the period	(215,126)	(13,312)	(228,438)
Deficit	(215,126)	(13,312)	(228,438)
Basic and fully diluted (loss) per share	\$ (0.01)	\$ -	\$ (0.01)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial framework and accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those as disclosed in the most recently completed audited consolidated financial statements for the period from incorporation on November 12, 2015 to October 31, 2016.

(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.

	April 30, 2017	October 31, 2016
Cash	\$ 398,009	\$ 480,613
Money market instruments	75,425	75,145
Cash and cash equivalents	\$ 473,434	\$ 555,758

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

(b) Changes in accounting policies

The Company did not adopt any new accounting policies during the six months ended April 30, 2017.

(c) 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

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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.

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019.

6. SHARE CAPITAL

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 April 30, 2017, the Company had 41,278,527 common shares issued and outstanding.

The Company did not issue any common shares during the six months ended April 30, 2017.

7. 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 April 30, 2017:

	Options	Weighted avg. exercise price
Balance, October 31, 2016 and April 30, 2017	2,200,000	\$ 0.05

As at April 30, 2017, the following share options were outstanding and exercisable:

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

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8. LOSS PER SHARE

The following table sets forth the computation of basic and diluted earnings (loss) per share:

	Three months ended Apr. 30, 2017	Three months ended Apr. 30, 2016	Six months ended Apr. 30, 2017	Period from incorporation Nov. 12, 2015 to Apr. 30, 2016
Net loss	\$ (60,083)	\$ (228,438)	\$ (94,876)	\$ (228,438)
Weighted-average common shares outstanding - basic and diluted	41,278,527	34,214,560	41,278,527	18,113,591
Basic and diluted loss per common share	\$ (0.001)	\$ (0.007)	\$ (0.002)	\$ (0.013)

9. LAND

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

10. EXPLORATION AND EVALUATION EXPENDITURES

The Company 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 Company'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 Apr. 30, 2017	Three months ended Apr. 30, 2016	Six months ended Apr. 30, 2017	Period from incorporation Nov. 12, 2015 to Apr. 30, 2016
Leases and property taxes ¹	\$ 4,338	\$ 13,920	\$ 7,287	\$ 13,920
Storage and rent	5,400	3,600	10,800	3,600
Technical and consulting	-	6,135	-	6,135
Exploration and evaluation expenditures	\$ 9,738	\$ 23,655	\$ 18,087	\$ 23,655

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

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11. RELATED PARTY TRANSACTIONS

(a) Director and executive compensation

Director and executive compensation for the periods ending April 30, 2017 and 2016 consisted of the following:

	Three months ended Apr. 30, 2017	Three months ended Apr. 30, 2016	Six months ended Apr. 30, 2017	Period from incorporation Nov. 12, 2015 to Apr. 30, 2016
Cash compensation	\$ 10,500	\$ 10,500	\$ 21,000	\$ 10,500
Fair value of share options	-	96,580	-	96,580
Total	\$ 10,500	\$ 107,080	\$ 21,000	\$ 107,080

(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:

	Note	Transaction value		Balance outstanding	
		6 mo. ended Apr. 30, 2017	Nov. 12, 2015- Apr. 30, 2016	Apr. 30, 2017	Apr. 30, 2016
Consulting fees	(i)	\$ 21,000	\$ 10,500	\$ -	\$ -
Exploration and evaluation expenditures	(ii)	10,800	3,600	-	-
Total		\$ 31,800	\$ 14,100	\$ -	\$ -

- (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.

12. COMMITMENTS AND CONTINGENCIES

(a) Mining leases

The Company has three 21-year mining leases with the Province of Ontario which grant the Company 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.

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13. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholder's equity, which amounted to \$ 943,979 on April 30, 2017. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. 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. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. 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 April 30, 2017.

14. FINANCIAL RISK FACTORS

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

(a) Credit risk

The Company'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 April 30, 2017, the Company had cash and cash equivalents of \$ 473,434 to settle current liabilities of \$ 4,594 .

(c) Interest rate risk

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

(d) Market price risk

The Company is indirectly exposed to price risk with respect to the price of phosphate products. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Price risk is remote since the Company is not a producing entity.