

# **Fox River Resources Corporation**

## **Condensed Interim Consolidated Financial Statements**

**For the three and six months ended April 30, 2018**

(unaudited)

(presented in Canadian dollars)

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

As at	Apr. 30, 2018	Oct. 31, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3a)	\$ 1,213,226	\$ 388,749
Accounts receivable	10,119	5,117
Prepaid expenses	18,842	9,364
	1,242,187	403,230
<b>Non-current assets</b>		
Restricted cash (note 3a)	5,000	5,000
Land (note 7)	-	440,301
	5,000	445,301
<b>Total assets</b>	<b>\$ 1,247,187</b>	<b>\$ 848,531</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 11,250	\$ 19,625
	11,250	19,625
<b>Shareholders' equity</b>		
Share capital (note 4)	1,271,643	1,271,643
Share based payment reserve (note 5)	96,580	96,580
Deficit	(132,286)	(539,317)
	1,235,937	828,906
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,247,187</b>	<b>\$ 848,531</b>

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

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

	Three months ended Apr. 30, 2018	Three months ended Apr. 30, 2017	Six months ended Apr. 30, 2018	Six months ended Apr. 30, 2017
<b>Expenses</b>				
Consulting fees (note 9)	\$ 20,500	\$ 10,500	\$ 31,000	\$ 21,000
Exploration & evaluation expenditures (note 8 & 9)	12,154	9,738	22,548	18,087
Shareholder information	17,640	20,012	20,625	22,602
Administration	10,015	13,015	19,099	25,638
Professional fees	2,653	6,989	4,304	7,862
(Loss) from operations	(62,962)	(60,254)	(97,576)	(95,189)
Interest income	1,867	171	2,050	313
Gain on sale of land (note 7)	559,699	-	559,699	-
Transaction costs on sale of land (note 7)	(57,142)	-	(57,142)	-
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<b>\$ 441,462</b>	<b>\$ (60,083)</b>	<b>\$ 407,031</b>	<b>\$ (94,876)</b>
<b>Basic and fully diluted income (loss) per share (note 6)</b>	<b>\$ 0.011</b>	<b>\$ (0.001)</b>	<b>\$ 0.010</b>	<b>\$ (0.002)</b>

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

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

For the six months ended,	Apr. 30 2018	Apr. 30, 2017
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 407,031	\$ (94,876)
Gain on sale of land	(559,699)	-
Changes in non-cash working capital items		
Accounts receivable	(5,002)	40,048
Prepaid expenses	(9,478)	(14,343)
Accounts payable and accrued liabilities	(8,375)	(13,153)
	(175,523)	(82,324)
<b>Cash flows from investing activities</b>		
Sale of land	1,000,000	-
	<b>824,477</b>	<b>(82,324)</b>
<b>Net change in cash and cash equivalents</b>		
Cash and cash equivalents, beginning of period	388,749	555,758
	<b>\$ 1,213,226</b>	<b>\$ 473,434</b>
<b>Cash and cash equivalents, end of period</b>		

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

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

	<b>Number of shares</b>	<b>Share capital</b>	<b>Share based payment reserve</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, October 31, 2016</b>	<b>41,278,527</b>	<b>\$ 1,271,643</b>	<b>\$ 96,580</b>	<b>\$ (329,368)</b>	<b>\$ 1,038,855</b>
Net loss and comprehensive loss for the period	-	-	-	(94,876)	(94,876)
<b>Balance, April 30, 2017</b>	<b>41,278,527</b>	<b>\$ 1,271,643</b>	<b>\$ 96,580</b>	<b>\$ (424,244)</b>	<b>\$ 943,979</b>
Net loss and comprehensive loss for the period	-	-	-	(115,073)	(115,073)
<b>Balance, October 31, 2017</b>	<b>41,278,527</b>	<b>\$ 1,271,643</b>	<b>\$ 96,580</b>	<b>\$ (539,317)</b>	<b>\$ 828,906</b>
Net income and comprehensive income for the period	-	-	-	407,031	407,031
<b>Balance, April 30, 2018</b>	<b>41,278,527</b>	<b>\$ 1,271,643</b>	<b>\$ 96,580</b>	<b>\$ (132,286)</b>	<b>\$ 1,235,937</b>

*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**  
**For the six months ended April 30, 2018**  
(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. 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 year ended October 31, 2017.

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 26, 2018.

**3. 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 year ended October 31, 2017.

**(a) Cash and cash equivalents**

Cash and cash equivalents include money market instruments and Guaranteed Investment Certificates ("GICs") which are readily convertible into cash or have maturities at the date of purchase of less than ninety days.

	<b>April 30, 2018</b>	<b>October 31, 2017</b>
Cash	\$ 210,912	\$ 313,010
Money market instruments & GICs	1,002,314	75,739
<b>Cash and cash equivalents</b>	<b>\$ 1,213,226</b>	<b>\$ 388,749</b>

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

**Fox River Resources Corporation**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended April 30, 2018**  
(unaudited)

---

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

---

**(b) Changes in accounting policies**

The Company did not adopt any new accounting policies during the six months ended April 30, 2018.

**(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 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. The Company has reviewed the standard in detail and determined that the impact on the Company's financial statements will not be material.

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.

**4. 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, 2018, 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, 2018.

	<b>Number of Shares</b>	<b>Consideration</b>
<b>Balance, October 31, 2017 and April 30, 2018</b>	<b>41,278,527</b>	<b>\$ 1,271,643</b>

---

**Fox River Resources Corporation**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended April 30, 2018**  
(unaudited)

---

**5. 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 Company did not issue any share options during the six months ended April 30, 2018.

	Options	Exercise price
<b>Balance, October 31, 2017 and April 30, 2018</b>	<b>2,200,000</b>	<b>\$ 0.05</b>

As at April 30, 2018, 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>

---

**6. LOSS PER SHARE**

---

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

	Three months ended Apr. 30, 2018	Three months ended Apr. 30, 2017	Six months ended Apr. 30, 2018	Six months ended Apr. 30, 2017
Net income (loss)	\$ 441,462	\$ (60,083)	\$ 407,031	\$ (94,876)
Weighted-average common shares outstanding:				
Basic	41,278,527	41,278,527	41,278,527	41,278,527
Diluted	41,645,194	41,278,527	41,645,194	41,278,527
<b>Basic income (loss) per common share</b>	<b>\$ 0.011</b>	<b>\$ (0.001)</b>	<b>\$ 0.010</b>	<b>\$ (0.002)</b>
<b>Diluted income (loss) per common share</b>	<b>\$ 0.011</b>	<b>\$ (0.001)</b>	<b>\$ 0.010</b>	<b>\$ (0.002)</b>

---

**7. LAND**

---

On March 20, 2018, the Company sold the 71 acres of land the Company owned in the City of Brandon, Manitoba for gross proceeds of \$1,000,000. In connection with the sale, the Company incurred transaction costs totaling \$57,142, including real estate broker fees of \$50,000, and legal fees of \$7,142.



**Fox River Resources Corporation**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended April 30, 2018**  
(unaudited)

---

**8. 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, 2018	Three months ended Apr. 30, 2017	Six months ended Apr. 30, 2018	Six months ended Apr. 30, 2017
Leases and property taxes <sup>1</sup>	\$ 6,754	\$ 4,338	\$ 11,748	\$ 7,287
Storage and rent	5,400	5,400	10,800	10,800
<b>Exploration and evaluation expenditures</b>	<b>\$ 12,154</b>	<b>\$ 9,738</b>	<b>\$ 22,548</b>	<b>\$ 18,087</b>

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

---

**9. RELATED PARTY TRANSACTIONS**

---

**(a) Director and executive compensation**

Director and executive compensation for the periods ending April 30, 2018 and 2017 consisted of the following:

	Three months ended Apr. 30, 2018	Three months ended Apr. 30, 2017	Six months ended Apr. 30, 2018	Six months ended Apr. 30, 2017
Cash compensation	\$ 20,500	\$ 10,500	\$ 31,000	\$ 21,000
<b>Total</b>	<b>\$ 20,500</b>	<b>\$ 10,500</b>	<b>\$ 31,000</b>	<b>\$ 21,000</b>

---

**Fox River Resources Corporation**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended April 30, 2018**  
(unaudited)

---

**9. RELATED PARTY TRANSACTIONS (continued)**

---

**(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, 2018	6 mo. ended Apr. 30, 2017	Apr. 30, 2018	Apr. 30, 2017
Consulting fees	(i)	\$ 31,000	\$ 21,000	\$ -	\$ -
Exploration and evaluation expenditures	(ii)	10,800	10,800	-	-
<b>Total</b>		<b>\$ 41,800</b>	<b>\$ 31,800</b>	<b>\$ -</b>	<b>\$ -</b>

- (i) The Company pays consulting fees of \$5,000 per month to Stephen Case, the Chief Executive Officer and a Director, and \$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.

**10. 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.

**11. CAPITAL MANAGEMENT**

---

The Company's capital structure consists of shareholder's equity, which amounted to \$1,235,937 on April 30, 2018. 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, 2018.

**Fox River Resources Corporation**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the six months ended April 30, 2018**  
(unaudited)

---

**12. 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, 2018, the Company had cash and cash equivalents of \$1,213,226 to settle current liabilities of \$11,250 .

**(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.