Fox River Resources Corporation

Consolidated Financial Statements

October 31, 2018 and 2017

(presented in Canadian dollars)

Independent Auditors’ Report

To the Shareholders of Fox River Resources Corporation:

We have audited the accompanying consolidated financial statements of Fox River Resources Corporation, which comprise the consolidated statements of financial position as at October 31, 2018 and October 31, 2017, and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fox River Resources Corporation as at October 31, 2018 and October 31, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

Toronto, Ontario
February 22, 2019

Chartered Professional Accountants
Licensed Public Accountants

MNP

Fox River Resources Corporation
Consolidated Statements of Financial Position

As at	Oct. 31, 2018	Oct. 31, 2017
Assets		
Current assets		
Cash and cash equivalents (note 3a)	$ 1,136,298	$ 388,749
Accounts receivable	5,233	5,117
Prepaid expenses	5,609	9,364
	1,147,140	403,230
Non-current assets		
Restricted cash (note 3a)	5,000	5,000
Land (note 7)	-	440,301
	5,000	445,301
Total assets	**$ 1,152,140**	**$ 848,531**
Liabilities		
Accounts payable and accrued liabilities	$ 25,953	$ 19,625
	25,953	19,625
Shareholders' equity		
Share capital (note 4)	1,271,643	1,271,643
Share based payment reserve (note 5)	96,580	96,580
Deficit	(242,036)	(539,317)
	1,126,187	828,906
Total liabilities and shareholders' equity	**$ 1,152,140**	**$ 848,531**

Approved by the Board:

"Stephen Case"
Director

"John Yokley"
Director

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

Fox River Resources Corporation
Consolidated Statements of Operations and Comprehensive Income (Loss)

	Year ended Oct. 31, 2018	Year ended Oct. 31, 2017
Expenses		
Consulting fees (note 10)	$ 82,000	$ 42,000
Exploration & evaluation expenditures (note 8 & 10)	40,071	50,602
Administration	37,424	47,856
Shareholder information	30,336	35,250
Professional fees	26,217	34,873
(Loss) from operations	(216,048)	(210,581)
Interest income	10,772	632
Gain on sale of land (note 7)	559,699	-
Transaction costs on sale of land (note 7)	(57,142)	-
Net income (loss) and comprehensive income (loss)	**$ 297,281**	**$ (209,949)**
Basic and fully diluted income (loss) per share (note 6)	**$ 0.007**	**$ (0.005)**

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

Fox River Resources Corporation
Consolidated Statements of Cash Flows

For the year ended,		Oct. 31, 2018		Oct. 31, 2017
Cash flows from operating activities				
Net income (loss)	$	297,281	$	(209,949)
Gain on sale of land		(559,699)		-
Changes in non-cash working capital items				
Accounts receivable		(116)		43,402
Prepaid expenses		3,755		(2,340)
Accounts payable and accrued liabilities		6,328		1,878
		(252,451)		(167,009)
Cash flows from investing activities				
Sale of land		1,000,000		-
Net change in cash and cash equivalents		**747,549**		**(167,009)**
Cash and cash equivalents, beginning of year		388,749		555,758
Cash and cash equivalents, end of year	**$**	**1,136,298**	**$**	**388,749**

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

Fox River Resources Corporation
Consolidated Statements of Changes in Shareholders' Equity

	Number of shares	Share capital	Share based payment reserve	Deficit	Total
Balance, October 31, 2016	**41,278,527**	**$ 1,271,643**	**$ 96,580**	**$ (329,368)**	**$ 1,038,855**
Net loss and comprehensive loss for the year	-	-	-	(209,949)	(209,949)
Balance, October 31, 2017	**41,278,527**	**$ 1,271,643**	**$ 96,580**	**$ (539,317)**	**$ 828,906**
Net income and comprehensive income for the year	-	-	-	297,281	297,281
Balance, October 31, 2018	**41,278,527**	**$ 1,271,643**	**$ 96,580**	**$ (242,036)**	**$ 1,126,187**

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

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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations of the IFRS Interpretations Committee ("IFRIC").

These 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 consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The Board of Directors approved the consolidated financial statements and authorized their issuance on February 22, 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(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.

	October 31, 2018	October 31, 2017
Cash	$ 125,263	$ 313,010
Money market instruments & GICs	1,011,035	75,739
Cash and cash equivalents	**$ 1,136,298**	**$ 388,749**

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. For the year ended October 31, 2018, the diluted per share amount reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. For the year ended October 31, 2017, the diluted per share amount does not reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares as it would be anti-dilutive.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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:

Financial Instrument	Classification	Valuation Method
Cash and cash equivalents	FVTPL	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

Fair value hierarchy

The Company's financial instruments measured at fair value on the balance sheet consist of cash and cash equivalents. Cash and cash equivalents 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Share based payments

The Company has a stock-based compensation plan which is described in Note 5. 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.

(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 work, geophysical studies, property holding costs, 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) Income taxes

Income tax on the profit or loss for the periods presented consists of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized either in profit or loss and comprehensive income or loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent their future recovery is probable. At the end of each reporting period, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Asset retirement obligation

The operations of the Company are subject to regulations governing the environment, including future site restoration costs for mineral properties. The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability is recognized when a reasonable estimate of fair value can be made.

The Company has determined that there are no asset retirement obligations or any other environmental obligations with respect to its mineral properties, and therefore no liability has been recognized in these financial statements.

(i) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

(j) 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 a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019. The Company has reviewed the standard in detail and determined that the impact on the Company’s financial statements will not be material.

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 October 31, 2018, the Company had 41,278,527 common shares issued and outstanding.

The Company did not issue any common shares during the years ended October 31, 2018 and 2017.

	Number of Shares	Consideration
Balance, October 31, 2017 and October 31, 2018	**41,278,527**	**$ 1,271,643**

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 years ended October 31, 2018 and 2017.

	Options	Exercise price
Balance, October 31, 2017 and October 31, 2018	**2,200,000**	**$ 0.05**

As at October 31, 2018, 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**

6. INCOME (LOSS) PER SHARE

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

	Year ended Oct. 31, 2018	Year ended Oct. 31, 2017
Net income (loss)	$ 297,281	$ (209,949)
Weighted-average common shares outstanding:		
Basic	41,278,527	41,278,527
Diluted	41,645,194	41,278,527
Basic income (loss) per common share	**$ 0.007**	**$ (0.005)**
Diluted income (loss) per common share	**$ 0.007**	**$ (0.005)**

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. Prior to its sale, the land was carried at a book value of $440,301. Accordingly, upon the closing of the sale, the Company recognized a gain of $559,699. 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.

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:

	Year ended Oct. 31, 2018	Year ended Oct. 31, 2017
Leases and property taxes[1]	$ 18,471	$ 29,002
Storage and rent	21,600	21,600
Exploration and evaluation expenditures	**$ 40,071**	**$ 50,602**

[1]Includes property taxes paid on Martison mining leases and land in Brandon, MB prior to its sale.

9. INCOME TAXES

(a) Provision for income taxes

The following table reconciles the expected income tax provision at the statutory tax rate of 26.5% (2017 - 26.5%) to the amounts recognized in the statement of income (loss):

		2018		2017
Net income (loss) before recovery of income taxes	$	297,281	$	(209,949)
Expected income tax (recovery) expense		78,780		(55,640)
Increase (decrease) resulting from				
Non taxable portion of capital gain		(66,590)		-
Other including true-ups		60		4,550
Change in tax benefits not recognized		(12,250)		51,090
Total income tax (recovery) expense	**$**	**-**	**$**	**-**

(b) Deferred tax balances

Deferred taxes for the Company have not been recognized in respect of the deductible temporary differences set out below:

		2018		2017
Property, plant and equipment	$	740	$	-
Non-capital losses		345,960		389,420
Resource pools - mineral properties		32,571,470		32,571,470
Share issue costs		4,010		6,020
Other		-		900

The non-capital losses have been generated in the past three years and will expire in 2036, 2037, and 2038. The deduction relating to the resource pools acquired by the Company are limited to:

i) Income related to the production from the resource properties acquired from Phoscan; and
ii) Proceeds of disposition of the above properties.

10. RELATED PARTY TRANSACTIONS

(a) Director and executive compensation

Director and executive compensation for the years ended October 31, 2018 and 2017 consisted of the following:

		2018		2017
Cash compensation	$	82,000	$	42,000
Total	**$**	**82,000**	**$**	**42,000**

10. 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:

		Transaction value		Balance outstanding	
	Note	Year ended Oct. 31, 2018	Year ended Oct. 31, 2017	Oct. 31, 2018	Oct. 31, 2017
Consulting fees	(i)	$ 82,000	$ 42,000	$ -	$ -
Exploration and evaluation expenditures	(ii)	21,600	21,600	-	-
Total		**$ 103,600**	**$ 63,600**	**$ -**	**$ -**

(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 and supplies to D&S McKinnon Holdings Limited, a corporation controlled by a relative of Gordon McKinnon, a Director of the Company.

11. 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.

12. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholder's equity, which amounted to $1,126,187 on October 31, 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 year ended October 31, 2018.

13. 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 October 31, 2018, the Company had cash and cash equivalents of $1,136,298 to settle current liabilities of $ 25,953 .

(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.