



**Consolidated Financial Statements**

**October 31, 2023 and 2022**

(presented in Canadian dollars)



## Independent Auditor's Report

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To the Shareholders of Fox River Resources Corporation:

### Opinion

We have audited the consolidated financial statements of Fox River Resources Corporation and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at October 31, 2023 and October 31, 2022, and the consolidated statements of operations and comprehensive income (loss), changes in Shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2023 and October 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

Toronto, Ontario  
February 20, 2024

*MNP* **LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

**Fox River Resources Corporation**  
**Consolidated Statements of Financial Position**  
(Presented in Canadian dollars)

As at	Oct. 31, 2023	Oct. 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3a)	\$ 1,717,475	\$ 195,314
Accounts receivable	17,576	9,716
Prepaid expenses	26,194	12,205
Marketable securities (note 9)	8,980	7,633
	1,770,225	224,868
<b>Non-current assets</b>		
Restricted cash (note 3a)	10,000	20,000
<b>Total assets</b>	<b>\$ 1,780,225</b>	<b>\$ 244,868</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 371,255	\$ 268,383
<b>Non-current liabilities</b>		
Performance share unit liability (note 6)	5,903	-
<b>Total liabilities</b>	377,158	268,383
<b>Shareholders' equity (deficit)</b>		
Share capital (note 4)	6,026,065	3,509,871
Share based payment reserve (note 5)	1,133,215	691,608
Warrant reserve (note 7)	7,900	144,015
Deficit	(5,764,113)	(4,369,009)
	1,403,067	(23,515)
<b>Total liabilities and shareholders' equity (deficit)</b>	<b>\$ 1,780,225</b>	<b>\$ 244,868</b>

Reporting entity and nature of operations (note 1)  
Commitments and contingencies (note 13)

Approved by the Board:

"Stephen Case"  
Director

"Elizabeth Leonard"  
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)**  
(Presented in Canadian dollars)

	Year ended Oct. 31, 2023	Year ended Oct. 31, 2022
<b>Expenses</b>		
Exploration & evaluation expenditures (note 10)	\$ 586,444	\$ 1,579,388
Consulting fees (note 12)	219,855	144,000
Shareholder information	89,344	110,389
Professional fees	72,354	50,453
Administration	55,510	46,134
Share based payments (note 5, 6 & 12)	447,510	228,829
(Loss) from operations	(1,471,017)	(2,159,193)
Interest income	52,742	6,929
Gain (loss) on change in fair value of marketable securities (note 9)	1,347	(13,021)
Foreign exchange gain (loss)	2,730	-
<b>Net loss and comprehensive loss</b>	<b>\$(1,414,198)</b>	<b>\$(2,165,285)</b>
<b>Basic and fully diluted loss per share (note 8)</b>	<b>\$ (0.024)</b>	<b>\$ (0.041)</b>

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

**Fox River Resources Corporation**  
**Consolidated Statements of Cash Flows**  
(Presented in Canadian dollars)

For the year ended,	Oct. 31, 2023	Oct. 31, 2022
<b>Cash flows from operating activities</b>		
Net loss	\$ (1,414,198)	\$ (2,165,285)
(Gain) loss on marketable securities (note 9)	(1,347)	13,021
Share based payments (note 5)	447,510	228,829
Changes in non-cash working capital items		
Accounts receivable	(7,860)	12,904
Prepaid expenses	(13,989)	5,974
Accounts payable and accrued liabilities	102,872	(334,817)
	(887,012)	(2,239,374)
<b>Cash flows from financing activities</b>		
Proceeds on issuance of common shares (note 4)	2,300,000	-
Share issue costs (note 4)	(53,800)	-
Exercise of warrants (note 7)	152,973	34,844
	2,399,173	34,844
<b>Cash flows from investing activities</b>		
Restricted cash	10,000	-
	10,000	-
<b>Net change in cash and cash equivalents</b>	<b>1,522,161</b>	<b>(2,204,530)</b>
Cash and cash equivalents, beginning of year	195,314	2,399,844
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,717,475</b>	<b>\$ 195,314</b>
<b>Supplemental cash flow information</b>		
Interest received	\$ 52,742	\$ 6,929

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

**Fox River Resources Corporation**  
**Consolidated Statements of Changes in Shareholders' Equity (Deficit)**  
(Presented in Canadian dollars)

	Number of shares	Share capital	Share based payment reserve	Warrant reserve	Deficit	Total
<b>Balance, October 31, 2021</b>	<b>52,294,527</b>	<b>\$ 3,446,572</b>	<b>\$ 462,779</b>	<b>\$ 172,470</b>	<b>\$ (2,203,724)</b>	<b>\$ 1,878,097</b>
Issuance of shares upon exercise of warrants	116,148	63,299	-	(28,455)	-	34,844
Share based payments (note 5)	-	-	228,829	-	-	228,829
Net loss and comprehensive loss for the year	-	-	-	-	(2,165,285)	(2,165,285)
<b>Balance, October 31, 2022</b>	<b>52,410,675</b>	<b>\$ 3,509,871</b>	<b>\$ 691,608</b>	<b>\$ 144,015</b>	<b>\$ (4,369,009)</b>	<b>\$ (23,515)</b>
Private placements (note 4)	11,500,000	2,300,000	-	-	-	2,300,000
Cost of issue of private placements (note 4)	52,500	(61,700)	-	7,900	-	(53,800)
Issuance of shares upon exercise of warrants (note 7)	509,910	277,894	-	(124,921)	-	152,973
Expiry of warrants (note 7)	-	-	-	(19,094)	19,094	-
Share based payments (note 5)	-	-	441,607	-	-	441,607
Net loss and comprehensive loss for the year	-	-	-	-	(1,414,198)	(1,414,198)
<b>Balance, October 31, 2023</b>	<b>64,473,085</b>	<b>\$ 6,026,065</b>	<b>\$ 1,133,215</b>	<b>\$ 7,900</b>	<b>\$ (5,764,113)</b>	<b>\$ 1,403,067</b>

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



**Fox River Resources Corporation**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2023 and 2022**  
(Presented in Canadian dollars)

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**1. REPORTING ENTITY AND NATURE OF OPERATIONS**

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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 141 Adelaide Street West, Suite 301, Toronto, Ontario M5H 3L5. 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. The business involves a high degree of risk and the recoverability of the amounts expended on exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These adjustments could be material.

**2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE**

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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 20, 2024.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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, 2022.

**(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.

**Fox River Resources Corporation**  
**Notes to the Consolidated Financial Statements**  
**October 31, 2023 and 2022**  
(Presented in Canadian dollars)

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

	October 31, 2023	October 31, 2022
Cash	\$ 377,707	\$ 96,177
Money market instruments & GICs	1,339,768	99,137
<b>Cash and cash equivalents</b>	<b>\$ 1,717,475</b>	<b>\$ 195,314</b>

Restricted cash consists of GIC collateral of \$10,000 for a corporate credit card.

**(b) Changes in accounting policies**

The Company did not adopt any new accounting policies during the years ended October 31, 2023 and 2022.

**(c) Critical accounting estimates and significant judgements**

The preparation of these consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. The consolidated financial statements include judgements and estimates which, by their nature, are uncertain, and actual outcomes could differ. The impacts of such judgements and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods. The preparation of these consolidated financial statements required the following critical accounting estimates and significant judgements:

- (i) The fair value of stock options and warrants issued are subject to the limitations of the Black Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in input assumptions can materially affect the fair value estimate.
- (ii) The fair value of performance share units requires management to make a judgement in estimating the vesting period, which is highly subjective, and a change in this assumption can materially affect the fair value estimate.
- (iii) The preparation of the financial statements requires management to make judgments regarding the going concern of the Company.
- (iv) Management has exercised their judgment in determining the provision for future income taxes. The judgment is based on the Company's current understanding of the tax law as it relates to the transactions and activities entered into by the Company.

**(d) Functional and presentation currency**

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

**Fox River Resources Corporation**  
**Notes to the Consolidated Financial Statements**  
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(Presented in Canadian dollars)

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

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**(e) 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 year. 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.

**(f) Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL"). The new hedge accounting guidance aligns hedge accounting more closely with an entity's risk management objectives and strategies. IFRS 9 does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it allows more hedging strategies used for risk management to qualify for hedge accounting and introduces more judgement to assess the effectiveness of a hedging relationship, primarily from a qualitative standpoint.

Below is a summary showing the classification and measurement bases of the Company's financial instruments:

<b>Classification</b>	<b>IFRS 9</b>
Cash and cash equivalents	FVTPL
Marketable securities	FVTPL
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

**Financial assets**

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

*Financial assets recorded at fair value through profit and loss (FVTPL)*

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash and cash equivalents and marketable securities is classified as financial assets measured at FVTPL.

*Amortized cost*

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's restricted cash is classified as a financial asset measured at amortized cost.

**Fox River Resources Corporation**  
**Notes to the Consolidated Financial Statements**  
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(Presented in Canadian dollars)

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

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**(f) Financial instruments (continued)**

*Financial assets recorded at fair value through other comprehensive income (FVTOCI)*

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to measure the investment at FVOCI whereby changes in the investment's fair value (realized and unrealized) will be recognized permanently in OCI with no reclassification to profit or loss. The election is made on an investment-by-investment basis.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

*Amortized cost*

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above.

**Transaction costs**

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

**Subsequent measurement**

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

**Derecognition**

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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

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#### **(f) Financial instruments (continued)**

##### **Expected credit loss impairment model**

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

##### **Fair value hierarchy**

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

#### **(g) 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.

The Company also has a Performance Share Unit Plan ("PSU Plan") which is described in Note 6. Each performance share unit ("PSU") has the same value as one common share at the date of grant based on the prior day's closing price. PSUs vest and are redeemable only upon a change of control of the Company and will be settled in cash. The fair value of PSUs granted will be recorded as a liability, the value of which is recorded as share based payment expense over the estimated vesting period. The PSUs are revalued at the end of each period based on the closing share price.

**Fox River Resources Corporation**  
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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**(h) Exploration and evaluation expenditures**

The Company expenses all costs relating to the acquisition of, exploration for and evaluation 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.

**(i) Share issue costs**

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

**(j) Income taxes**

Income tax on the profit or loss for the years 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.

**(k) 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.

**Fox River Resources Corporation**  
**Notes to the Consolidated Financial Statements**  
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(Presented in Canadian dollars)

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

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**(l) Leases**

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for leases of low value assets and leases with a duration of twelve months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term. During the year ended October 31, 2023, amounts totaling \$ 29,428 (October 31, 2022 - \$ 29,719) were included in the statement of operations and comprehensive income (loss) related to leases of short-term natures.

**4. 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 October 31, 2023, the Company had 64,473,085 common shares issued and outstanding.

On March 15, 2023, the Company closed a non-brokered private placement of 11,500,000 common shares at a price of \$0.20 per share for gross proceeds of \$2,300,000. In connection with the private placement, the Company paid finders fees to arm's length finders in connection with subscriptions from subscribers introduced by them, totaling \$49,000 in cash, 52,500 common shares of the Company, and 52,500 finders warrants exercisable at \$0.30 for two years from closing, which were valued at \$7,900 using the Black-Scholes model. The assumptions used to determine the value were: share price - \$0.31; expected dividend yield - 0%; weighted expected volatility - 85.49%; risk-free interest rate - 3.50% and an expected life of 2 years. The Company also incurred legal fees of \$4,100, and filing and other fees of \$700.

	Number of Shares	Consideration
<b>Balance, October 31, 2021</b>	<b>52,294,527</b>	<b>\$ 3,446,572</b>
Shares issued upon exercise of warrants (note 7)	116,148	63,299
<b>Balance, October 31, 2022</b>	<b>52,410,675</b>	<b>\$ 3,509,871</b>
Shares issued upon exercise of warrants (note 7)	509,910	277,894
Issuance of common shares by private placement, net of costs	11,552,500	2,238,300
<b>Balance, October 31, 2023</b>	<b>64,473,085</b>	<b>\$ 6,026,065</b>

**5. SHARE BASED PAYMENTS**

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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.

**Fox River Resources Corporation**  
**Notes to the Consolidated Financial Statements**  
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(Presented in Canadian dollars)

**5. SHARE BASED PAYMENTS (continued)**

On February 15, 2023, the Company granted 2,200,000 share options to employees of the Company exercisable at \$0.25 per share for a period of five years from the date of issuance. One-third of the options vest immediately, one-third vest on August 15, 2023, and one-third vest on February 15, 2024. The value ascribed to the 2,200,000 share options granted was estimated at \$427,000 using the Black-Scholes model for option pricing. The assumptions used to determine the value were: share price - \$0.25; expected dividend yield - 0%; weighted expected volatility - 104.24%; risk-free interest rate - 3.43% and an expected life of 5 years. During the year ended October 31, 2023 \$385,275 was recognized in the consolidated statement of operations and comprehensive loss with respect to this grant.

The following table reflects the continuity of share options for the years ended October 31, 2023 and 2022.

	<b>Options</b>	<b>Exercise price</b>
Balance, October 31, 2021	2,600,000	\$ 0.34
Balance, October 31, 2022	2,600,000	0.34
Granted	2,200,000	0.25
<b>Balance, October 31, 2023</b>	<b>4,800,000</b>	<b>\$ 0.30</b>

As at October 31, 2023, the following share options were outstanding and exercisable:

<b>Expiry date</b>	<b>Outstanding</b>	<b>Exercisable</b>	<b>Exercise price</b>
August 19, 2024	500,000	500,000	\$ 0.07
April 26, 2026	2,100,000	2,100,000	0.41
February 15, 2028	2,200,000	1,466,666	0.25
<b>Options outstanding and exercisable</b>	<b>4,800,000</b>	<b>4,066,666</b>	<b>\$ 0.31</b>

**6. PERFORMANCE SHARE UNITS**

The Company has a Performance Share Unit Plan ("PSU Plan") under which Performance Share Units ("PSUs") may be granted to directors, officers, employees, and consultants of the Company. The purpose of the Company's PSU Plan is to advance the interests of the Company by providing a cash bonus to participants in the event of a change of control of the Company. PSUs vest and are redeemable only upon a change of control of the Company and will be settled in cash. The fair value of PSUs granted will be recorded as a liability, the value of which on any particular date being equal to the market value of the Company shares.



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**6. PERFORMANCE SHARE UNITS (continued)**

The following table reflects the continuity of PSUs for the years ended October 31, 2023 and 2022.

	PSUs	Grant Price
Balance, October 31, 2021 and 2022	-	\$ -
Granted	2,125,000	0.225
<b>Balance, October 31, 2023</b>	<b>2,125,000</b>	<b>\$ 0.225</b>

On October 2, 2023, a total of 2,125,000 PSUs were granted with an expiry date of October 2, 2028. The vesting date of the PSUs is deemed to be the occurrence of a Change of Control, as determined by the Board of Directors. Management has estimated a vesting date of October 2, 2028. The share price on October 31, 2023 was \$0.175 which resulted in a fair value of \$371,875. The fair value will be recorded over the vesting period and at the end of each fiscal quarter the total performance share unit liability is marked to market based on the price of the Company's shares. During the year ended October 31, 2023, the Company recognized \$ 5,903 in share-based payments expense relating to PSUs outstanding with an offset recorded in performance share unit liability.

**7. WARRANTS**

During the year ended October 31, 2022, a total of 116,148 warrants with an exercise price of \$0.30 per share were exercised for gross proceeds of \$34,844. The fair value of warrants exercised was \$28,455 which was reallocated from warrant reserve to share capital. During the year ended October 31, 2023, a total of 509,910 warrants with an exercise price of \$0.30 per share were exercised for gross proceeds of \$152,973. The fair value of warrants exercised was \$124,921 which was reallocated from warrant reserve to share capital.

The table below reflects the continuity of warrants for the years ended October 31, 2023 and 2022.

	Number of Warrants	Allocated Value
<b>Balance, October 31, 2021</b>	<b>704,000</b>	<b>\$ 172,470</b>
Exercised	(116,148)	(28,455)
<b>Balance, October 31, 2022</b>	<b>587,852</b>	<b>\$ 144,015</b>
Issued (note 4)	52,500	7,900
Expired	(77,942)	(19,094)
Exercised	(509,910)	(124,921)
<b>Balance, October 31, 2023</b>	<b>52,500</b>	<b>\$ 7,900</b>

The exercise price and expiry date of the warrants outstanding as at October 31, 2023 are as follows:

Expiry date	Type	Number	Exercise price
March 15, 2025	Finders Warrants	52,500	\$ 0.30

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**8. INCOME (LOSS) PER SHARE**

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

	Year ended Oct. 31, 2023	Year ended Oct. 31, 2022
Net income (loss)	\$(1,414,198)	\$(2,165,285)
Weighted-average common shares outstanding:		
Basic	59,987,246	52,368,994
Diluted	59,987,246	52,368,994
<b>Basic income (loss) per common share</b>	<b>\$ (0.024)</b>	<b>\$ (0.041)</b>
<b>Diluted income (loss) per common share</b>	<b>\$ (0.024)</b>	<b>\$ (0.041)</b>

**9. MARKETABLE SECURITIES**

The Company did not buy or sell any marketable securities during the year ended October 31, 2023 and 2022. The Company held the following marketable securities as at October 31, 2023:

Company	Security	Cost
Chibougamau Independent Mines Inc.	89,800 common shares	\$ 11,979

  

Fair Value Oct. 31, 2021	Acquisition (Disposition)	Gain / (Loss) on Change in Fair Value	Fair Value Oct. 31, 2022	Acquisition (Disposition)	Gain / (Loss) on Change in Fair Value	Fair Value Oct. 31, 2023
\$ 20,654	\$ -	\$ (13,021)	\$ 7,633	\$ -	\$ 1,347	\$ 8,980

**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 8,450 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 a 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.

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**10. EXPLORATION AND EVALUATION EXPENDITURES (continued)**

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

	Year ended Oct. 31, 2023	Year ended Oct. 31, 2022
Technical and consulting	\$ 480,826	\$ 1,534,956
Storage and rent	21,600	24,673
Leases and property taxes	16,730	16,038
Travel and transportation	14,171	-
Permitting and consultation	22,154	3,721
Field Work	25,763	-
Assays	5,200	-
<b>Exploration and evaluation expenditures</b>	<b>\$ 586,444</b>	<b>\$ 1,579,388</b>

**11. INCOME TAXES**

**(a) Provision for income taxes**

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2022 - 26.5%) to the effective tax rate is as follows:

	2023	2022
Net income (loss) before recovery of income taxes	\$ (1,414,198)	\$ (2,165,285)
Expected income tax (recovery) expense	(374,762)	(573,801)
Increase (decrease) resulting from		
Unrealized (gain) loss on marketable securities	(178)	1,725
Share based compensation and other permanent difference	118,590	60,640
Non taxable portion of capital (gain) loss	-	-
Share issuance cost booked directly to equity	(14,258)	-
Other including true-ups	-	7,648
Change in tax benefits not recognized	270,608	503,788
<b>Total income tax (recovery) expense</b>	<b>\$ -</b>	<b>\$ -</b>

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**11. INCOME TAXES (continued)**

**(b) Deferred tax**

The following table shows deferred income taxes resulting from temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes, as well as tax loss carryforwards:

	<b>2023</b>	<b>2022</b>
<b>Deferred tax assets</b>		
Resource pools - mineral properties	\$ -	\$ -
<b>Deferred tax liabilities</b>		
Marketable securities	-	-
<b>Net deferred tax asset</b>	<b>\$ -</b>	<b>\$ -</b>

**(c) Unrecognized deferred tax assets**

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 766	\$ 766
Non-capital losses	1,920,600	1,473,302
Resource pools - mineral properties	35,405,054	34,871,111
Share issuance costs	47,932	7,339

The Canadian non-capital loss carry forwards expire as noted in the table below. Share issue and financing costs will be fully amortized in 2027. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>
\$ 133,469	\$ 212,287	\$ 41	\$ 217,551	\$ 234,962	\$ 287,788	\$ 387,204	\$ 447,298

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**12. RELATED PARTY TRANSACTIONS**

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**(a) Director and executive compensation**

Director and executive compensation for the years ended October 31, 2023 and 2022 consisted of the following:

	Year ended Oct. 31, 2023	Year ended Oct. 31, 2022
Cash compensation	\$ 144,000	\$ 144,000
Fair value of share based payments	61,610	228,829
<b>Total</b>	<b>\$ 205,610</b>	<b>\$ 372,829</b>

No share options were granted to officers and directors during the years ended October 31, 2023 and 2022.

**(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	
		Year ended Oct. 31, 2023	Year ended Oct. 31, 2022	Oct. 31, 2023	Oct. 31, 2022
Consulting fees	(i)	\$ 144,000	\$ 144,000	\$ -	\$ -
<b>Total</b>		<b>\$ 144,000</b>	<b>\$ 144,000</b>	<b>\$ -</b>	<b>\$ -</b>

- (i) The Company pays consulting fees of \$7,000 per month to Stephen Case, the Chief Executive Officer and a Director, and \$5,000 per month to Fraser Laschinger, the Chief Financial Officer.

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**13. COMMITMENTS AND CONTINGENCIES**

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**(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, 2023 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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**14. CAPITAL MANAGEMENT**

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The Company's capital structure consists of shareholder's equity (deficit), which amounted to \$1,403,067 on October 31, 2023. 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 October 31, 2023.

**15. FINANCIAL RISK FACTORS**

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

**(a) Credit risk**

The Company's cash balance of \$377,707 (note 3(a)) is held by a Schedule I Canadian Chartered Bank. The Company's cash equivalents balance of \$1,339,768 (note 3(a)) primarily consists of investment savings accounts and/or guaranteed investment certificates issued by Schedule I Canadian Chartered Banks. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments 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, 2023, the Company had cash and cash equivalents of \$1,717,475 to settle current liabilities of \$371,255.

**(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.

**(e) Marketable securities price risk**

The Company is exposed to equity securities price risk because of the marketable securities held by the Company. The Company's marketable securities are not part of its core operations, and accordingly, gains and losses from these investments are not representative of the Company's performance. As at October 31, 2023, the impact of a 10% increase or decrease in the share prices of the marketable securities would have resulted in an increase or decrease of \$ 898 that would have been included in net loss and comprehensive loss.