Fox River
RESOURCES CORP

# Condensed Interim Consolidated Financial Statements

## For the three months ended January 31, 2024

(unaudited)

(presented in Canadian dollars)

**Notice of non-review of condensed interim financial statements**

In accordance with National Instrument 51-102 Continuous Disclosure Obligations of the Canadian Securities Administrators, notice is given that the condensed interim consolidated financial statements for the three month period ended January 31, 2024 have not been reviewed by the Company's auditors.

**Fox River Resources Corporation**
**Condensed Interim Consolidated Statements of Financial Position**
(Unaudited and presented in Canadian dollars)

| **As at** | **Jan. 31, 2024** | **Oct. 31, 2023** |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents (note 3a) | $ 1,294,214 | $ 1,717,475 |
| Accounts receivable | 20,849 | 17,576 |
| Prepaid expenses | 9,059 | 26,194 |
| Marketable securities (note 9) | 11,674 | 8,980 |
| | 1,335,796 | 1,770,225 |
| **Non-current assets** | | |
| Restricted cash (note 3a) | 10,000 | 10,000 |
| **Total assets** | **$ 1,345,796** | **$ 1,780,225** |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | $ 67,173 | $ 371,255 |
| **Non-current liabilities** | | |
| Performance share unit liability (note 6) | 27,444 | 5,903 |
| **Total liabilities** | 94,617 | 377,158 |
| **Shareholders' equity (deficit)** | | |
| Share capital (note 4) | 6,026,065 | 6,026,065 |
| Share based payment reserve (note 5) | 1,133,215 | 1,133,215 |
| Warrant reserve (note 7) | 7,900 | 7,900 |
| Deficit | (5,916,001) | (5,764,113) |
| | 1,251,179 | 1,403,067 |
| **Total liabilities and shareholders' equity (deficit)** | **$ 1,345,796** | **$ 1,780,225** |

Reporting entity and nature of operations (note 1)
Commitments and contingencies (note 12)

*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 and presented in Canadian dollars)

| | Three months ended Jan. 31, 2024 | Three months ended Jan. 31, 2023 |
|---|---|---|
| **Expenses** | | |
| Exploration & evaluation expenditures (note 10) | $ 70,956 | $ 18,368 |
| Consulting fees (note 11) | 51,000 | 36,000 |
| Administration | 16,685 | 15,177 |
| Shareholder information | 6,189 | 19,275 |
| Professional fees | 4,673 | 5,485 |
| Share based payments (note 5, 6 & 11) | 21,541 | - |
| (Loss) from operations | (171,044) | (94,305) |
| Interest income | 16,462 | 555 |
| Gain (loss) on change in fair value of marketable securities (note 9) | 2,694 | 1,796 |
| **Net loss and comprehensive loss** | **$ (151,888)** | **$ (91,954)** |
| **Basic and fully diluted loss per share** (note 8) | **$ (0.002)** | **$ (0.002)** |

*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 and presented in Canadian dollars)

| For the three months ended, | Jan. 31, 2024 | Jan. 31, 2023 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net loss | $ (151,888) | $ (91,954) |
| (Gain) loss on marketable securities (note 9) | (2,694) | (1,796) |
| Share based payments (note 5) | 21,541 | - |
| Changes in non-cash working capital items | | |
| Accounts receivable | (3,273) | (1,432) |
| Prepaid expenses | 17,135 | 3,411 |
| Accounts payable and accrued liabilities | (304,082) | (31,914) |
| | (423,261) | (123,685) |
| **Cash flows from investing activities** | | |
| Restricted cash | - | 10,000 |
| | - | 10,000 |
| **Net change in cash and cash equivalents** | **(423,261)** | **(113,685)** |
| Cash and cash equivalents, beginning of year | 1,717,475 | 195,314 |
| **Cash and cash equivalents, end of year** | **$ 1,294,214** | **$ 81,629** |
| **Supplemental cash flow information** | | |
| Interest received | $ 16,462 | $ 555 |

*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 (Deficit)**
(Unaudited and presented in Canadian dollars)

| | Number of shares | Share capital | Share based payment reserve | Warrant reserve | Deficit | Total |
|---|---|---|---|---|---|---|
| **Balance, October 31, 2022** | **52,410,675** | **$ 3,509,871** | **$ 691,608** | **$ 144,015** | **$ (4,369,009)** | **$ (23,515)** |
| Net loss and comprehensive loss for the year | - | - | - | - | (91,954) | (91,954) |
| **Balance, January 31, 2023** | **52,410,675** | **$ 3,509,871** | **$ 691,608** | **$ 144,015** | **$ (4,460,963)** | **$ (115,469)** |
| 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 | 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 period | - | - | - | - | (1,322,244) | (1,322,244) |
| **Balance, October 31, 2023** | **64,473,085** | **$ 6,026,065** | **$ 1,133,215** | **$ 7,900** | **$ (5,764,113)** | **$ 1,403,067** |
| Net loss and comprehensive loss for the year | - | - | - | - | (151,888) | (151,888) |
| **Balance, January 31, 2024** | **64,473,085** | **$ 6,026,065** | **$ 1,133,215** | **$ 7,900** | **$ (5,916,001)** | **$ 1,251,179** |

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

## 1. REPORTING ENTITY AND NATURE OF OPERATIONS

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 condensed interim 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

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, 2023.

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 March 21, 2024.

## 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, 2023.

### (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.

(Unaudited and presented in Canadian dollars)

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

| | January 31, 2024 | October 31, 2023 |
|---|---|---|
| Cash | $ 41,777 | $ 377,707 |
| Money market instruments & GICs | 1,252,437 | 1,339,768 |
| **Cash and cash equivalents** | **$ 1,294,214** | **$ 1,717,475** |

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 period ended January 31, 2024.

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

The preparation of these consolidated financial statements requires management to make judgements and estimates the 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.

(Unaudited and presented in Canadian dollars)

## 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 January 31, 2024, 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 |
|---|---|---|---|
| Balance, October 31, 2022 | 52,410,675 | $ | 3,509,871 |
| Issuance of common shares by private placement, net of costs | 11,552,500 | | 2,238,300 |
| Shares issued upon exercise of warrants (note 7) | 509,910 | | 277,894 |
| Balance, October 31, 2023 | 64,473,085 | $ | 6,026,065 |
| **Balance, January 31, 2024** | **64,473,085** | **$** | **6,026,065** |

## 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.

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.

(Unaudited and presented in Canadian dollars)

## 5. SHARE BASED PAYMENTS (continued)

The following table reflects the continuity of share options for the year ended October 31, 2023 and three months ended January 31, 2024.

| | Options | Exercise price |
|---|---|---|
| Balance, October 31, 2022 | 2,600,000 | $ 0.34 |
| Granted | 2,200,000 | 0.25 |
| Balance, October 31, 2023 | 4,800,000 | 0.30 |
| **Balance, January 31, 2024** | **4,800,000** | **$ 0.30** |

As at January 31, 2024, the following share options were outstanding and exercisable:

| Expiry date | Outstanding | Exercisable | Exercise price |
|---|---|---|---|
| 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 |
| **Options outstanding and exercisable** | **4,800,000** | **4,066,666** | **$ 0.31** |

## 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.

The following table reflects the continuity of PSUs for the year ended October 31, 2023 and three months ended January 31, 2024.

| | PSUs | Grant Price |
|---|---|---|
| Balance, October 31, 2022 | - | $ - |
| Granted | 2,125,000 | 0.225 |
| Balance, October 31, 2023 | 2,125,000 | $ 0.225 |
| **Balance, January 31, 2024** | **2,125,000** | **$ 0.225** |

(Unaudited and presented in Canadian dollars)

## 6. PERFORMANCE SHARE UNITS (continued)

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 January 31, 2024 was $0.195 which resulted in a fair value of $478,125. 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 three months ended January 31, 2024, the Company recognized $21,541 in share-based payments expense relating to PSUs outstanding with an offset recorded in performance share unit liability.

## 7. WARRANTS

No warrants were exercised during the period ended January 31, 2024. 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 year ended October 31, 2023 and three months ended January 31, 2024.

| | Number of Warrants | Allocated Value |
|---|---|---|
| Balance, October 31, 2022 | 587,852 | $ 144,015 |
| Issued (note 4) | 52,500 | 7,900 |
| Expired | (77,942) | (19,094) |
| Exercised | (509,910) | (124,921) |
| Balance, October 31, 2023 | 52,500 | $ 7,900 |
| **Balance, January 31, 2024** | **52,500** | **$ 7,900** |

The exercise price and expiry date of the warrants outstanding as at January 31, 2024 are as follows:

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

(Unaudited and presented in Canadian dollars)

## 8. INCOME (LOSS) PER SHARE

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

| | Three months ended Jan. 31, 2024 | Three months ended Jan. 31, 2023 |
|---|---|---|
| Net income (loss) | $ (151,888) | $ (91,954) |
| Weighted-average common shares outstanding: | | |
| Basic | 64,473,085 | 52,410,675 |
| Diluted | 64,473,085 | 52,410,675 |
| **Basic income (loss) per common share** | **$ (0.002)** | **$ (0.002)** |
| **Diluted income (loss) per common share** | **$ (0.002)** | **$ (0.002)** |

## 9. MARKETABLE SECURITIES

The Company did not buy or sell any marketable securities during the year ended October 31, 2023 and three months ended January 31, 2024. The Company held the following marketable securities as at January 31, 2024:

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

| **Fair Value Oct. 31, 2022** | Acquisition (Disposition) | Gain / (Loss) on Change in Fair Value | **Fair Value Oct. 31, 2023** | Acquisition (Disposition) | Gain / (Loss) on Change in Fair Value | **Fair Value Jan. 31, 2024** |
|---|---|---|---|---|---|---|
| **$ 7,633** | $ - | $ 1,347 | **$ 8,980** | $ - | $ 2,694 | **$ 11,674** |

## 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.

(Unaudited and presented in Canadian dollars)

## 10. EXPLORATION AND EVALUATION EXPENDITURES (continued)

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

| | Three months ended Jan. 31, 2024 | Three months ended Jan. 31, 2023 |
|---|---|---|
| Technical and consulting | $ 26,421 | $ 12,227 |
| Storage and rent | 5,400 | 5,400 |
| Leases and property taxes | - | 741 |
| Permitting and consultation | 18,429 | - |
| Field Work | 1,420 | - |
| Metallurgy and assays | 19,286 | - |
| **Exploration and evaluation expenditures** | **$ 70,956** | **$ 18,368** |

## 11. RELATED PARTY TRANSACTIONS

### (a) Director and executive compensation

Director and executive compensation for the three months ended January 31, 2024 and 2023 consisted of the following:

| | Three months ended Jan. 31, 2024 | Three months ended Jan. 31, 2023 |
|---|---|---|
| Cash compensation | $ 36,000 | $ 36,000 |
| Fair value of share based payments | 19,260 | - |
| **Total** | **$ 55,260** | **$ 36,000** |

No share options were granted to officers and directors during the three months ended January 31, 2024 and 2023.

(Unaudited and presented in Canadian dollars)

## 11. 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 | 3 mo. ended Jan. 31, 2024 | 3 mo. ended Jan. 31, 2023 | Jan. 31, 2024 | Jan. 31, 2023 |
| Consulting fees | (i) | $ 36,000 | $ 36,000 | $ - | $ - |
| **Total** | | **$ 36,000** | **$ 36,000** | **$ -** | **$ -** |

(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.

## 12. COMMITMENTS AND CONTINGENCIES

### (a) Mining leases

The Company has three 21-year mining leases with the Province of Ontario which grant the Company surface and mining rights to the Project. One of the mining leases commenced on August 1, 2023 and the remaining two on May 1, 2011. The aggregate annual payment for the three leases is estimated to be approximately $13,000.

## 13. CAPITAL MANAGEMENT

The Company's capital structure consists of shareholder's equity (deficit), which amounted to $1,251,179 on January 31, 2024. 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 January 31, 2024.

## 14. FINANCIAL RISK FACTORS

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

### (a) Credit risk

The Company's cash balance of $ 41,777 (note 3(a)) is held by a Schedule I Canadian Chartered Bank. The Company's cash equivalents balance of $1,252,437 (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 January 31, 2024, the Company had cash and cash equivalents of $1,294,214 to settle current liabilities of $ 67,173.

### (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 January 31, 2024, 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 $1,167 that would have been included in net loss and comprehensive loss.