



Condensed Consolidated Interim Financial Statements

For the three months ended October 31, 2017 and 2016

To the shareholders of Grizzly Discoveries Inc.:

The condensed consolidated interim financial statements of Grizzly Discoveries Inc. (the "Company") for the three months ended October 31, 2017 and 2016 have been compiled by management.

No audit or review of this information has been performed by the Company's auditors.

GRIZZLY DISCOVERIES INC.
Condensed consolidated interim statements of financial position

As at	October 31 2017 <i>(unaudited)</i>	July 31 2017
ASSETS		
Current		
Cash and cash equivalents	\$ 50,936	\$ 42,938
Restricted cash (note 3)	5,000	5,000
Other current assets (note 4)	54,797	52,675
	110,733	100,613
Deposit (note 5)	30,391	30,303
Mineral properties (note 5)	8,297,632	8,296,168
	\$ 8,438,756	\$ 8,427,084
TOTAL ASSETS		
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 52,237	\$ 71,854
Unit subscriptions (note 9)	50,000	-
	102,237	71,854
Reclamation provision (note 5)	191,165	191,165
	293,402	263,019
TOTAL LIABILITIES		
EQUITY		
Share capital (note 6)	19,975,034	19,975,034
Warrant capital (note 6)	23,059	23,059
Contributed surplus	2,724,563	2,724,563
Deficit	(14,577,302)	(14,558,591)
	8,145,354	8,164,065
TOTAL EQUITY		
TOTAL LIABILITIES AND EQUITY		
	\$ 8,438,756	\$ 8,427,084

Approved by the Board of Directors

Director (signed by) "Brian Testo"

Director (signed by) "Doug Turnbull"

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

GRIZZLY DISCOVERIES INC.

Consolidated statements of loss and comprehensive loss

(unaudited)

For the three months ended October 31	2017	2016
EXPENSES		
General and administration (note 7)	\$ (16,021)	\$ (29,960)
Impairment (note 5)	<u>(2,948)</u>	<u>(11,418)</u>
TOTAL EXPENSES	<u>(18,711)</u>	<u>(41,378)</u>
OTHER INCOME		
Interest income	<u>258</u>	<u>243</u>
NET LOSS AND COMPREHENSIVE LOSS	<u>(18,711)</u>	<u>(41,135)</u>
BASIC AND DILUTED LOSS PER COMMON SHARE		
	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding	<u>55,529,405</u>	<u>48,725,268</u>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

GRIZZLY DISCOVERIES INC.

Consolidated statements of changes in equity

(unaudited)

	Number of common shares	Share capital	Warrant capital	Contributed surplus	Deficit	Total equity
As at July 31, 2016	52,407,805	\$ 19,842,144	\$ 8,879	\$ 2,655,563	\$ (14,303,082)	\$ 8,203,504
Net loss and comprehensive loss	-	-	-	-	(41,135)	(41,135)
As at October 31, 2016	52,407,805	\$ 19,842,144	\$ 8,879	\$ 2,655,563	\$ (14,344,217)	\$ 8,162,369
As at July 31, 2017	55,529,405	\$ 19,975,034	\$ 23,059	\$ 2,724,563	\$ (14,558,591)	\$ 8,164,065
Net loss and comprehensive loss	-	-	-	-	(18,711)	(18,711)
As at October 31, 2017	55,529,405	\$ 19,975,034	\$ 23,059	\$ 2,724,563	\$ (14,577,302)	\$ 8,145,354

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

GRIZZLY DISCOVERIES INC.

Consolidated statements of cash flows

(unaudited)

For the three months ended October 31	2017	2016
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net loss	\$ (18,711)	\$ (41,135)
Items not affecting cash and cash equivalents:		
Impairment	2,948	11,418
Changes in non-cash working capital:		
Other current assets	(1,379)	(1,307)
Accounts payable and accrued liabilities	(20,465)	(5,846)
Cash and cash equivalents used in operating activities	<u>(37,607)</u>	<u>(36,870)</u>
INVESTING ACTIVITIES:		
Deposit	(88)	-
Mineral properties expenditures	(4,307)	(3,729)
Cash and cash equivalents used in investing activities	<u>(4,395)</u>	<u>(3,729)</u>
FINANCING ACTIVITIES:		
Unit subscriptions (note 9)	50,000	-
Cash and cash equivalents provided by financing activities	<u>50,000</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,998	15,856
Cash and cash equivalents – beginning of period	<u>42,938</u>	<u>75,282</u>
CASH AND CASH EQUIVALENTS – END OF PERIOD	\$ 50,936	\$ 91,138

See note 8 for supplemental cash flow information.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

1. Nature of operations and going concern

Grizzly Discoveries Inc. (the “Company” or “Grizzly”) was incorporated on May 31, 2002 in Alberta and is in the business of acquiring and exploring mineral properties located in Canada. The Company has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company’s registered office is Suite 3400, 350 7 Avenue SW, Calgary, Alberta, T2P 3N9. The Company’s head office is at Suite 363 – 9768 170 Street NW, Edmonton, Alberta, T5T 5L4.

Long-term continuance of the Company’s operations is dependent upon achieving profitable operations and obtaining additional equity or debt financing. The recoverability of the carrying values of the Company’s mineral properties is dependent upon the existence and discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production from or proceeds from the disposition of mineral properties.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. As at October 31, 2017, the Company has working capital of \$8,496 (July 31, 2017 - \$28,759), a deficit of \$14,577,302 (July 31, 2017 - \$14,558,591) and the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable. These material uncertainties may cast doubt regarding the Company’s ability to continue as a going concern. At the current stage of the Company’s development, the ability of the Company to continue as a going concern is dependent upon its ability to obtain additional sources of financing. Management’s intentions are to continue to pursue additional financing (see note 9 – Subsequent events). If the Company is unsuccessful in obtaining additional financing to fund operations and the exploration and development of its mineral properties, the going concern assumption may not be appropriate and adjustments would be necessary to the carrying value of assets and liabilities and reported revenues and expenses. Such adjustments may be material.

2. Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) for interim financial statements as specified in International Accounting Standard 34 – *Interim financial reporting* (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). These condensed consolidated interim financial statements do not contain all of the disclosures required for financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements of the Company for the year ended July 31, 2017.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary Alberta Potash Corp. (incorporated in Alberta). All intercompany balances and transactions have been eliminated on consolidation.

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian Dollars unless otherwise noted.

These consolidated financial statements were approved by the Audit Committee on behalf of the Board of Directors of the Company on December 30, 2017.

3. Restricted cash

The Company has restricted cash in the amount of \$5,000 (July 31, 2017 - \$5,000) as security for corporate credit card liabilities.

4. Other current assets

As at	October 31 2017	July 31 2017
Accounts receivable	\$ 1,388	\$ 1,388
Goods and services tax receivable	4,079	2,176
Mineral exploration tax credits receivable	3,692	2,949
Prepayments and deposits	45,638	46,162
Total other current assets	\$ 54,797	\$ 52,675

The Company holds securities of publicly traded companies which it has classified as available-for-sale, carried at fair value, with unrealized gains and losses held as a component of accumulated other comprehensive loss in equity, net of deferred taxes.

5. Mineral Properties

	Alberta Diamond Properties	Alberta Potash Properties	BC Precious Metals Properties	Total
Balance, July 31, 2016	\$ 1	\$ 1	\$ 8,285,126	\$ 8,285,128
Acquisition costs	-	6,818	17,391	24,209
Exploration and evaluation	12,100	1,166	6,839	20,105
Reclamation	-	(3,835)	-	(3,835)
Impairment	(12,100)	(4,149)	(13,190)	(29,439)
Balance, July 31, 2017	1	1	8,296,166	8,296,168
Acquisition costs	1,969	656	-	2,625
Exploration and evaluation	19	32	1,736	1,787
Impairment	(1,988)	(688)	(272)	(2,948)
Balance, October 31, 2017	\$ 1	\$ 1	\$ 8,297,630	\$ 8,297,632

Impairment

The Company incurred net costs totaling \$272 (2017 - \$13,190) related to its French and Silver Bear properties in British Columbia which have been written down to a nominal carrying value of \$1 in prior years. These costs have been reported as impairment on the consolidated statements of loss and comprehensive loss.

The Company incurred costs of \$1,988 (2017 - \$12,100) related to its Alberta Diamonds properties which had been written down to a nominal carrying value of \$1 in prior years. These costs have been reported as an impairment on the consolidated statements of loss and comprehensive loss.

The Company incurred costs of \$688 (2017 - \$7,984) related to its Alberta Potash properties which had been written down to a nominal carrying value of \$1 in the prior year. These costs have been reported as an impairment on the consolidated statements of loss and comprehensive loss.

6. Share capital*Common shares*

The Company's articles authorize an unlimited number of common shares with no par value and an unlimited number of preferred shares. The Company has not issued any preferred shares. A summary of changes in common share capital is as follows:

	Number of Shares	Weighted average issue price	Amount
Balance, July 31, 2016	52,407,805		\$ 19,842,144
Issuance of shares in private placements:			
March 31, 2017	2,760,000	\$ 0.045	124,200
Shares issued for services	361,600	\$ 0.048	17,176
Costs of share issuance	-		(8,486)
Balance, July 31 and October 31, 2017	55,529,405		\$ 19,975,034

Common share purchase warrants

A summary of changes in common share purchase warrant capital is as follows:

	Number of Warrants	Weighted average issue price	Amount
Balance, July 31, 2016	3,682,537		\$ 8,879
Issuance of warrants in private placements:			
March 31, 2017	2,760,000	\$ 0.005	13,800
Finders' Warrants	76,000	\$ 0.005	380
Balance, July 31, 2017 and October 31, 2017	6,518,537		\$ 23,059

A summary of share purchase warrants outstanding is as follows:

As at October 31, 2017				As at July 31, 2017			
Exercise price	Warrants outstanding	Warrants exercisable	Years to expiry	Exercise price	Warrants outstanding	Warrants exercisable	Years to expiry
\$ 0.10	887,857	887,857	0.1	\$ 0.10	887,857	887,857	0.4
\$ 0.075	2,794,680	2,794,680	0.5	\$ 0.075	2,794,680	2,794,680	0.7
\$ 0.075	2,760,000	2,760,000	1.4	\$ 0.075	2,760,000	2,760,000	1.7
\$ 0.075	76,000	76,000	1.4	\$ 0.075	76,000	76,000	1.7
\$ 0.081	6,518,537	6,518,537	0.8	\$ 0.081	6,518,537	6,518,537	1.1

GRIZZLY DISCOVERIES INC.

Notes to the condensed consolidated interim financial statements

For the three months ended October 31, 2017 and 2016

*(unaudited)**Common share purchase options*

A summary of stock option activity is as follows:

	Number of options	Weighted average exercise price
Outstanding stock options, July 31, 2016	4,400,000	\$ 0.09
Granted	2,300,000	\$ 0.05
Expired	<u>(1,500,000)</u>	\$ 0.10
Outstanding stock options, July 31 and October 31, 2017	<u>5,200,000</u>	\$ 0.07

A summary of stock options outstanding is as follows:

As at October 31, 2017				As at July 31, 2017			
Exercise price	Options outstanding	Options exercisable	Years to expiry	Exercise price	Options outstanding	Options exercisable	Years to expiry
\$ 0.10	200,000	200,000	0.1	\$ 0.10	200,000	200,000	0.3
\$ 0.10	300,000	300,000	0.4	\$ 0.10	300,000	300,000	0.6
\$ 0.10	200,000	200,000	1.6	\$ 0.10	200,000	200,000	1.8
\$ 0.075	2,200,000	2,200,000	3.6	\$ 0.075	2,200,000	2,200,000	3.8
\$ 0.05	2,300,000	2,300,000	4.7	\$ 0.05	2,300,000	2,300,000	4.9
\$ 0.07	5,200,000	5,200,000	3.7	\$ 0.07	5,200,000	5,200,000	3.9

7. General and administrative expenses

For the three months ended October 31	2017	2016
Advertising and promotion	\$ (4,253)	\$ 2,699
Conferences and corporate travel	390	66
Consulting fees	12,000	12,000
Office and administration	2,542	7,828
Regulatory and transfer fees	2,827	4,173
Professional fees	<u>2,515</u>	<u>3,194</u>
General and administrative expenses	\$ 16,021	\$ 29,960

During the three months ended October 31, 2017, the Company cancelled an agreement with AGORA Internet Relations Corp originally entered into in February 2017. As a result of the cancellation, the Company has reversed an accrual in the current period in the amount of \$5,300, included in Advertising and promotion in General and administrative expenses, related to share payments outstanding to AGORA under the agreement at July 31, 2017. No further payments are required as a result of the cancellation of the agreement.

8. Supplemental cash flow information*Interest and dividends received and paid*

During the three months ended October 31, 2017, the Company received interest of \$258 (2016 - \$243) from deposits with its financial institution and from the Canada Revenue Agency. The Company did not pay any interest or dividends, nor did it receive any dividends, in either of the periods ended October 31, 2017 or 2016.

Non cash transactions eliminated from the consolidated statements of cash flows

The following table lists non cash transactions which were recorded in the three months ended October 31, 2017 and 2016 and have been eliminated from the consolidated statements of cash flows.

For the three months ended October 31	2017	2016
Mineral exploration tax credits accrued as a reduction of mineral properties	\$ (743)	\$ (591)
Increase (decrease) in accounts payable related to investing activities	\$ 848	\$ (10,360)

9. Subsequent events

On December 15, 2017, the Company closed on a private placement of 1,200,000 units at a price of \$0.05 per unit, for gross proceeds of \$60,000. Each unit consist of one common share of the Company and one non-transferable common share purchase warrant with each warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.075 per common share until the earlier of: (a) 30 days following the issuance of a news release by the Company that the trading price of the Common Shares on the TSX Venture Exchange is at or greater than \$0.12 per Common Share for 10 consecutive trading days; and (b) December 15, 2019.

No commissions or finder's fees were paid in connection with the offering.

The net proceeds from the sale of the units will be used for general corporate and working capital purposes. All common shares issued under the private placement and any common shares issuable upon exercise of warrants are subject to a four month hold period from the date of issue in accordance with applicable laws and regulations.

At October 31, 2017 the Company had received \$50,000 in subscriptions in advance of closing the private placement. This amount is included in Cash and cash equivalents and as Unit subscriptions in current liabilities on the condensed consolidated interim statement of financial position at October 31, 2017.