



Condensed Consolidated Interim Financial Statements

For the three months ended October 31, 2018 and 2017

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, 2018 and 2017 have been compiled by management.

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

GRIZZLY DISCOVERIES INC.
Condensed consolidated interim statements of financial position

As at October 31	2018	2017
ASSETS		
Current		
Cash and cash equivalents	\$ 88,790	\$ 149,920
Restricted cash (note 3)	5,000	5,000
Other current assets (note 4)	<u>96,021</u>	<u>62,289</u>
	189,811	217,209
Deposit	30,877	30,696
Mineral properties (note 5)	<u>6,831,082</u>	<u>6,801,787</u>
TOTAL ASSETS	\$ 7,051,770	\$ 7,049,692
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 97,263	\$ 71,100
Deferred flow through share premium	<u>-</u>	<u>4,000</u>
	97,263	75,100
Reclamation provision	<u>200,643</u>	<u>200,643</u>
TOTAL LIABILITIES	297,906	275,743
EQUITY		
Share capital (note 6)	20,529,804	20,464,514
Warrant capital (note 6)	12,180	12,180
Contributed surplus	2,895,692	2,769,442
Deficit	<u>(16,683,812)</u>	<u>(16,472,187)</u>
TOTAL EQUITY	6,753,864	6,773,949
TOTAL LIABILITIES AND EQUITY	\$ 7,051,770	\$ 7,049,692

Approved by the Board of Directors

Director (signed by) "Brian Testo"

Director (signed by) "Sam Pillersdorf"

GRIZZLY DISCOVERIES INC.

Condensed consolidated interim statements of loss and comprehensive loss

For the three months ended October 31	2018	2017
EXPENSES		
General and administration (note 7)	\$ (60,522)	\$ (16,021)
Share based compensation	(150,500)	-
Impairment (note 5)	(5,264)	(2,948)
TOTAL EXPENSES	(216,286)	(18,969)
OTHER INCOME		
Interest income	1,797	258
Flow through share premium	4,000	-
TOTAL OTHER INCOME	5,797	258
NET LOSS AND COMPREHENSIVE LOSS	\$ (211,625)	\$ (18,711)
BASIC AND DILUTED LOSS PER COMMON SHARE	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	62,118,996	55,529,405

GRIZZLY DISCOVERIES INC.

Condensed consolidated interim statements of changes in equity

	Number of common shares	Share capital	Warrant capital	Contributed surplus	Deficit	Total equity
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		-	-	-	(1,913,596)	(1,913,596)
Private placement financings (note 8)	1,962,500	118,905	-	-	-	118,905
Warrants and options exercised	2,501,000	190,575	(2,000)	(6,000)	-	182,575
Warrants expired		-	(8,879)	8,879	-	-
Shares issued as consideration for mineral properties (Note 6)	2,000,004	180,000	-	-	-	180,000
Share based compensation (note 8)	-	-	-	42,000	-	42,000
As at July 31, 2018	61,992,909	20,464,514	12,180	2,769,442	(16,472,187)	6,773,949
Net loss and comprehensive loss		-	-	-	(61,125)	(61,125)
Options issued		-	-	150,500	-	150,500
Warrants and options exercised	725,000	65,290	-	(24,250)	-	41,040
As at October 31, 2018	62,717,909	\$ 20,529,804	\$ 12,180	\$ 2,895,692	\$ (16,683,812)	\$ 6,753,864

GRIZZLY DISCOVERIES INC.
Condensed consolidated interim statements of cash flows

For the three months ended October 31	2018	2017
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net loss	\$ (211,625)	\$ (18,711)
Items not affecting cash and cash equivalents:		
Share based compensation	150,500	-
Impairment	5,264	2,948
Deferred flow through	(4,000)	-
Changes in non-cash working capital:		
Other current assets	(30,161)	(1,379)
Accounts payable and accrued liabilities	21,515	(20,465)
Cash and cash equivalents used in operating activities	<u>(68,507)</u>	<u>(37,607)</u>
INVESTING ACTIVITIES:		
Deposit	(181)	(88)
Mineral properties expenditures	(33,482)	(4,307)
Cash and cash equivalents used in investing activities	<u>(33,663)</u>	<u>(4,395)</u>
FINANCING ACTIVITIES:		
Unit subscriptions	-	50,000
Proceeds from exercise of options (note 6)	41,250	-
Costs of share issuance	(210)	-
Cash and cash equivalents provided by financing activities	<u>41,040</u>	<u>50,000</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(61,130)	7,998
Cash and cash equivalents – beginning of year	<u>192,920</u>	<u>42,938</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 88,790	\$ 50,936

See Note 8 for supplemental cash flow information.

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 condensed consolidated interim 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, 2018, the Company has a deficit of \$16,683,812 (July 31, 2018 - \$16,472,187) 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. 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, 2018.

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 29, 2018.

3. Restricted cash

The Company has restricted cash in the amount of \$5,000 (July 31, 2018 - \$5,000) as security for corporate credit card liabilities.

GRIZZLY DISCOVERIES INC.

Notes to the condensed consolidated interim financial statements

For the three months ended October 31, 2018 and 2017

4. Other current assets

As at	October 31 2018	July 31 2018
Accounts receivable	\$ 1,388	\$ 1,388
Goods and services tax receivable	10,635	7,556
Mineral exploration tax credits receivable	13,715	10,144
Prepayments and deposits	70,283	46,201
Total other current assets	\$ 96,021	\$ 62,289

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, 2017	1	1	8,296,166	8,296,168
Acquisition costs	1,969	7,387	185,855	195,211
Exploration and evaluation costs	2,099	1,338	16,793	20,230
Reclamation	-	9,478	-	9,478
Impairment	(4,068)	(18,203)	(1,697,029)	(1,719,300)
Balance, July 31, 2018	\$ 1	\$ 1	\$ 6,801,785	\$ 6,801,787
Acquisition	2,641	2,004	964	5,609
Exploration and evaluation	583	37	28,331	28,951
Impairment	(3,224)	(2,041)	-	(5,265)
Balance, October 31, 2018	\$ 1	\$ 1	\$ 6,831,080	\$ 6,831,082

Impairment

The Company incurred costs of \$3,224 (year ended July 31, 2019 - \$4,068) 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 \$2,041 (year ended July 31, 2018 - \$18,203) related to its Alberta Potash properties which had been written down to a nominal carrying value of \$1 in a prior year. These costs have been reported as an impairment on the consolidated statements of loss and comprehensive loss.

GRIZZLY DISCOVERIES INC.

Notes to the condensed consolidated interim financial statements

For the three months ended October 31, 2018 and 2017

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, 2017	55,529,405		\$ 19,975,034
Issuance of shares in private placements:			
December, 2017	1,200,000	\$ 0.050	60,000
July, 2018	762,500	\$ 0.080	61,000
Share issued on exercise of warrants	2,301,000	\$ 0.075	172,575
Warrant capital reclassified on exercise of warrants	-	-	2,000
Shares issued on exercise of options	200,000	\$ 0.050	10,000
Contributed surplus reclassified on exercise of options	-	-	6,000
Shares issued as consideration for mineral properties (note 6)	2,000,004	\$ 0.090	180,000
Costs of share issuance	-		(2,095)
Balance, July 31, 2018	61,992,909		\$ 20,464,514
Shares issued on exercise of options	725,500	\$ 0.057	41,250
Contributed surplus reclassified on exercise of options	-	-	24,250
Costs of share issuance	-		(210)
Balance, October 31, 2018	62,717,909		\$ 20,529,804

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, 2017	6,518,537		\$ 23,059
Issuance of warrants in private placements:			
December, 2017	1,200,000	\$ -	-
July, 2018	662,500	\$ -	-
Warrants issued as consideration for mineral properties (note 6)	2,000,004	\$ -	-
Warrants expired	(1,781,537)	\$ (0.005)	(8,879)
Warrants exercised	(2,301,000)	\$ (0.001)	(2,000)
Balance, July 31 and October 31, 2018	6,298,504		\$ 12,180

GRIZZLY DISCOVERIES INC.

Notes to the condensed consolidated interim financial statements

For the three months ended October 31, 2018 and 2017

A summary of share purchase warrants outstanding is as follows:

As at October 31, 2018				As at July 31, 2018			
Exercise price	Warrants outstanding	Warrants exercisable	Years to expiry	Exercise price	Warrants outstanding	Warrants exercisable	Years to expiry
\$ 0.075	2,400,000	2,400,000	0.4	\$ 0.075	2,400,000	2,400,000	0.7
\$ 0.075	36,000	36,000	0.4	\$ 0.075	36,000	36,000	0.7
\$ 0.075	1,200,000	1,200,000	1.1	\$ 0.075	1,200,000	1,200,000	1.4
\$ 0.140	2,000,004	2,000,004	2.6	\$ 0.140	2,000,004	2,000,004	2.8
\$ 0.120	612,500	612,500	1.7	\$ 0.120	612,500	612,500	2.0
\$ 0.120	50,000	50,000	1.7	\$ 0.120	50,000	50,000	2.0
\$ 0.101	6,298,504	6,298,504	1.4	\$ 0.101	6,298,504	6,298,504	1.7

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, 2017	5,200,000	\$ 0.07
Granted	600,000	\$ 0.10
Exercised	(200,000)	\$ 0.05
Expired	<u>(500,000)</u>	\$ 0.10
Outstanding stock options, July 31, 2018	5,100,000	\$ 0.07
Issued	1,850,000	\$ 0.10
Exercised	<u>(725,000)</u>	\$ 0.06
Outstanding stock options, October 31, 2018	<u>6,225,000</u>	\$ 0.08

GRIZZLY DISCOVERIES INC.

Notes to the condensed consolidated interim financial statements

For the three months ended October 31, 2018 and 2017

A summary of stock options outstanding is as follows:

As at October 31, 2018				As at July 31, 2018			
Exercise price	Options outstanding	Options exercisable	Years to expiry	Exercise price	Options outstanding	Options exercisable	Years to expiry
\$ 0.10	200,000	200,000	0.8	\$ 0.10	200,000	200,000	0.8
\$ 0.075	2,200,000	2,200,000	2.8	\$ 0.075	2,200,000	2,200,000	2.8
\$ 0.05	2,300,000	2,300,000	3.9	\$ 0.05	2,300,000	2,300,000	3.9
\$ 0.10	300,000	300,000	4.5	\$ 0.10	300,000	300,000	4.5
\$ 0.10	300,000	300,000	4.9	\$ 0.10	300,000	300,000	4.9
\$ 0.10	1,050,000	1,050,000	4.8	\$ -	-	-	-
\$ 0.10	800,000	800,000	5.0	\$ -	-	-	-
\$ 0.079	6,225,000	6,225,000	3.7	\$ 0.069	5,100,000	5,100,000	3.4

Shares issuable for services

In the year ended July 31, 2017, the Company issued an aggregate 361,600 common shares valued at \$17,176 to AGORA Internet Relations Corp. pursuant to an agreement entered into on February 23, 2017. At July 31, 2017, the Company had accrued an additional \$5,300 related to the next share payment required under the Agreement subsequent to July 31, 2017 in the consolidated interim financial statements, as an increase to accounts payable and general and administrative expense.

During the year ended July 31, 2018, the agreement with Agora was understood by management to have been cancelled by mutual agreement, the shares accrued for at July 31, 2017 were not issued, and the Company assessed that it had no liability to issue the shares and the accrued liability recorded at July 31, 2017 was reversed.

Subsequent to October 31, 2018, the Company has agreed to issue the remaining shares issuable under the original agreement dated February 23, 2017, estimated to occur in January 2019. The Company has accrued \$34,491 for the 431,138 shares issuable for services rendered by Agora as an accrued liability in the consolidated statements of financial position as at October 31, 2018 and an advertising expense included in general and administrative expenses on the consolidated statement of loss for the three months ended October 31, 2018. The shares were accrued at an estimated price of \$0.08 per share.

7. General and administrative expenses

For the three months ended October 31	2018	2017
Advertising and promotion	\$ 36,040	\$ (4,253)
Conferences and corporate travel	3,661	390
Consulting fees	12,000	12,000
Office and administration	3,571	2,542
Regulatory and transfer fees	4,147	2,827
Professional fees	1,103	2,515
General and administrative expenses	\$ 60,522	\$ 16,021

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

During the three months ended October 31, 2018, the Company received interest of \$661 (2017 - \$258) 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 three months ended October 31, 2018 or 2017.

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, 2018 and 2017 and have been eliminated from the consolidated statements of cash flows.

For the three months ended October 31	2018	2017
Mineral exploration tax credits accrued as a reduction of mineral properties \$	(3,571)	\$ (743)
Increase (decrease) in accounts payable related to investing activities \$	4,648	\$ 848