



Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2020 and 2019

To the shareholders of Grizzly Discoveries Inc.:

The condensed consolidated interim financial statements of Grizzly Discoveries Inc. (the "Company") for the three and six months ended January 31, 2020 and 2019 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

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As at	January 31 2020 <i>(unaudited)</i>	July 31 2019
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 75,137	\$ 124,144
Restricted cash (note 3)	5,000	5,000
Other current assets (note 4)	68,203	77,439
	148,339	206,583
Deposit	31,605	31,288
Mineral properties (note 5)	6,877,651	6,853,501
	148,339	206,583
<b>TOTAL ASSETS</b>	<b>\$ 7,057,596</b>	<b>\$ 7,091,372</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 67,389	\$ 52,822
Deferred flow through share premium	6,085	10,377
	73,474	63,199
Reclamation provision	206,883	206,883
	206,883	206,883
<b>TOTAL LIABILITIES</b>	<b>280,357</b>	<b>270,082</b>
<b>EQUITY</b>		
Share capital (note 6)	20,728,285	20,728,502
Warrant capital (note 6)	20,208	20,208
Contributed surplus	2,932,622	2,906,372
Deficit	(16,903,876)	(16,833,792)
	6,777,239	6,821,290
<b>TOTAL EQUITY</b>	<b>6,777,239</b>	<b>6,821,290</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 7,057,596</b>	<b>\$ 7,091,372</b>

Approved by the Board of Directors

Director (signed by) "Brian Testo"

Director (signed by) "Sam Pillersdorf"

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

## GRIZZLY DISCOVERIES INC.

## Condensed consolidated interim statements of loss and comprehensive loss

*(unaudited)*

For the	three months ended January 31		six months ended January 31	
	2020	2019	2020	2019
<b>EXPENSES</b>				
General and administration (note 7)	\$ (25,249)	\$ (31,677)	\$ (43,953)	\$ (92,199)
Share based compensation	(15,000)	-	(26,250)	(150,500)
Impairment (note 4)	(5,418)	(4,340)	(5,612)	(9,604)
<b>TOTAL EXPENSES</b>	<b>(45,667)</b>	<b>(36,017)</b>	<b>(75,815)</b>	<b>(252,303)</b>
<b>OTHER INCOME</b>				
Flow through share premium	4,292	-	4,292	4,000
Interest income	650	529	1,439	1,190
<b>TOTAL OTHER INCOME</b>	<b>4,942</b>	<b>529</b>	<b>5,731</b>	<b>5,190</b>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ (40,725)</b>	<b>\$ (35,488)</b>	<b>\$ (70,084)</b>	<b>\$ (247,113)</b>
<b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
Weighted average number of common shares outstanding	<b>67,086,714</b>	62,844,439	<b>67,086,714</b>	62,481,717

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

## GRIZZLY DISCOVERIES INC.

## Condensed consolidated interim statements of cash flows

*(unaudited)*

<b>For the six months ended January 31</b>	<b>2020</b>	<b>2019</b>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (70,084)	\$ (247,113)
Items not affecting cash and cash equivalents:		
Share based compensation	26,250	150,500
Impairment	5,612	9,604
Deferred flow through share premium	(4,292)	(4,000)
Shares issued for services (note 6)	-	30,180
Changes in non-cash working capital:		
Other current assets	9,236	(23,324)
Accounts payable and accrued liabilities	(12,167)	(14,036)
Cash and cash equivalents used in operating activities	<u>(45,445)</u>	<u>(98,189)</u>
<b>INVESTING ACTIVITIES:</b>		
Deposit	(317)	(284)
Mineral properties expenditures	(3,028)	(41,731)
Cash and cash equivalents used in investing activities	<u>(3,345)</u>	<u>(42,015)</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from exercise of options (note 6)	-	41,250
Costs of share issuance	(217)	(210)
Cash and cash equivalents (used in) provided by financing activities	<u>(217)</u>	<u>41,040</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(49,007)</b>	<b>(99,164)</b>
Cash and cash equivalents – beginning of period	<u>124,144</u>	<u>149,920</u>
<b>CASH AND CASH EQUIVALENTS – END OF PERIOD</b>	<b>\$ 75,137</b>	<b>\$ 50,756</b>

See Note 8 for supplemental cash flow information.

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

## GRIZZLY DISCOVERIES INC.

## Condensed consolidated interim statements of changes in equity

*(unaudited)***For the six months ended January 31, 2020**

	<b>Number of common shares</b>	<b>Share capital</b>	<b>Warrant capital</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total equity</b>
As at July 31, 2019	67,086,714	\$ 20,728,502	\$ 20,208	\$ 2,906,372	\$ (16,833,792)	\$ 6,821,290
Net loss and comprehensive loss	-	-	-	-	(70,084)	(70,084)
Share based compensation	-	-	-	26,250	-	26,250
Share issuance cost	-	(217)	-	-	-	(217)
<b>January 31, 2020</b>	<b>67,086,714</b>	<b>\$ 20,728,285</b>	<b>\$ 20,208</b>	<b>\$ 2,932,622</b>	<b>\$ (16,903,876)</b>	<b>\$ 6,777,239</b>

**For the six months ended January 31, 2019**

	<b>Number of common shares</b>	<b>Share capital</b>	<b>Warrant capital</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total equity</b>
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	-	-	-	-	(247,113)	(247,113)
Share based compensation	-	-	-	150,500	-	150,500
Options exercised	725,000	65,500	-	(24,250)	-	41,250
Shares issued for services	431,138	30,180	-	-	-	30,180
Share issuance cost	-	(210)	-	-	-	(210)
<b>January 31, 2019</b>	<b>63,149,047</b>	<b>\$ 20,559,984</b>	<b>\$ 12,180</b>	<b>\$ 2,895,692</b>	<b>\$ 16,719,300</b>	<b>\$ 6,748,556</b>

*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 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 January 31, 2020, the Company has a deficit of \$16,903,876 (July 31, 2019 - \$16,833,792) 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, 2019.

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, the Company’s functional currency, unless otherwise noted.

These consolidated financial statements were approved by the Audit Committee on behalf of the Board of Directors of the Company on March 30, 2020.

## GRIZZLY DISCOVERIES INC.

## Notes to the condensed consolidated interim financial statements

For the three and six months ended January 31, 2020 and 2019

*(unaudited)***3. Restricted cash**

The Company has restricted cash in the amount of \$5,000 (July 31, 2019 - \$5,000) as security for corporate credit card liabilities.

**4. Other current assets**

As at	January 31 2020	July 31 2019
Accounts receivable	\$ 1,578	\$ 1,604
Goods and services tax credits receivable	4,301	1,301
Mineral exploration tax credits receivable	11,489	11,489
Prepayments and deposits	50,835	63,045
	<u>\$ 68,203</u>	<u>\$ 77,439</u>

**5. Mineral Properties**

	Alberta Diamond Properties	Alberta Potash Properties	BC Precious Metals Properties	Total
Balance, July 31, 2018	\$ 1	\$ 1	\$ 6,801,785	\$ 6,801,787
Acquisition costs	2,641	5,353	2,498	10,492
Exploration and evaluation costs	2,410	322	49,216	51,948
Reclamation	-	6,305	-	6,305
Impairment	(5,051)	(11,980)	-	(17,031)
Balance, July 31, 2019	1	1	6,853,499	6,853,501
Acquisition costs	-	5,418	-	5,418
Exploration and evaluation costs	-	194	24,150	24,344
Impairment	-	(5,612)	-	(5,612)
<b>Balance, January 31, 2020</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 6,877,649</b>	<b>\$ 6,877,651</b>

*Option Agreement- Termination notice*

On September 23, 2015, the Company and KG Exploration (Canada) Inc., a wholly owned subsidiary of Kinross Gold Corporation, entered into an option agreement (the "Kinross Option") whereby the Company granted to KG Exploration (Canada) Inc. an option to earn a 75% ownership interest in certain mineral claims ("Option Area") within the Company's Greenwood Project.

The Kinross Option required that KG Exploration (Canada) Inc. incur USD 3,000,000 in exploration expenditures on the Option Area within five years of entering the Kinross Option, including incurring USD 750,000 and drilling a minimum of 750 metres within the first two years of the Kinross Option, in order to earn a 75% interest in the Option Area.



The Option Area consists of mineral claims covering approximately 27,000 hectares of the Company's Greenwood Gold Project, and represents approximately one third of the total area of the Greenwood Project.

In December 2019, the Company received notice from KG Exploration (Canada) Inc. that it intends to terminate the option pursuant to the Kinross Option. Under the terms of the Kinross Option, KG Exploration (Canada) Inc. was required to, among other things, conduct reclamation and file sufficient expenditures, or pay in lieu, to ensure the Option Area mineral claims are in good standing for at least one year from the effective date of termination. Subject to receipt of final notice, KG Exploration (Canada) Inc. has completed its obligations to terminate the Kinross Option.

#### *Impairment*

The Company incurred costs of \$5,612 (2019 - \$5,676) related to its Alberta Potash 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.

## 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, 2018	61,992,909		\$ 20,464,514
Shares issued in private placement	3,937,667	\$ 0.045	177,195
Shares issued on exercise of options	725,000	\$ 0.057	41,250
Contributed surplus reclassified on exercise of options	-	-	25,750
Shares issued for services	431,138	\$ 0.070	30,180
Costs of share issuance	-		(10,387)
Balance, July 31, 2019	67,086,714		20,728,502
Costs of share issuance	-		(217)
<b>Balance, January 31, 2020</b>	<b>67,086,714</b>		<b>\$ 20,728,285</b>

## GRIZZLY DISCOVERIES INC.

## Notes to the condensed consolidated interim financial statements

For the three and six months ended January 31, 2020 and 2019

*(unaudited)**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, 2018	6,298,504	\$	12,180
Warrants issued in private placement	3,937,667	\$ 0.005	19,688
Agent Warrants issued in private placement	104,100	\$ 0.005	520
Warrants expired	(2,436,000)	\$ (0.005)	(12,180)
Balance, July 31, 2019	7,904,271		20,208
Warrants expired	(1,200,000)	\$ -	-
<b>Balance, January 31, 2020</b>	<b>6,704,271</b>	<b>\$</b>	<b>20,208</b>

A summary of share purchase warrants outstanding is as follows:

As at January 31, 2020				As at July 31, 2019			
Exercise price	Warrants outstanding	Warrants exercisable	Years to expiry	Exercise price	Warrants outstanding	Warrants exercisable	Years to expiry
\$ -	-	-	-	\$ 0.075	1,200,000	1,200,000	0.4
\$ 0.140	2,000,004	2,000,004	1.3	\$ 0.140	2,000,004	2,000,004	1.8
\$ 0.120	612,500	612,500	0.5	\$ 0.120	612,500	612,500	1.0
\$ 0.120	50,000	50,000	0.5	\$ 0.120	50,000	50,000	1.0
\$ 0.100	3,937,667	3,937,667	1.4	\$ 0.100	3,937,667	3,937,667	1.9
\$ 0.100	104,100	104,100	1.4	\$ 0.100	104,100	104,100	1.9
<b>\$ 0.114</b>	<b>6,704,271</b>	<b>6,704,271</b>	<b>1.3</b>	<b>\$ 0.108</b>	<b>7,904,271</b>	<b>7,904,271</b>	<b>1.6</b>

*Common share purchase options*

The Company issues common share purchase options as incentive compensation to officers, directors, employees and consultants pursuant to the Company's stock option plan. A summary of stock option activity is as follows:

	Number of options	Weighted average exercise price
Outstanding stock options, July 31, 2018	5,100,000	\$ 0.07
Issued	1,850,000	\$ 0.10
Exercised	(725,000)	\$ 0.06
Expired	<u>(200,000)</u>	\$ 0.10
Outstanding stock options, July 31, 2019	6,025,000	\$ 0.08
Issued	<u>500,000</u>	\$ 0.05
<b>Outstanding stock options, January 31, 2020</b>	<b><u>6,525,000</u></b>	<b>\$ 0.08</b>

A summary of stock options outstanding is as follows:

As at January 31, 2020				As at July 31, 2019			
Exercise price	Options outstanding	Options exercisable	Years to expiry	Exercise price	Options outstanding	Options exercisable	Years to expiry
\$ 0.075	2,000,000	2,000,000	1.3	\$ 0.075	2,200,000	2,200,000	1.8
\$ 0.050	1,575,000	1,575,000	2.4	\$ 0.050	1,575,000	1,575,000	2.9
\$ 0.100	300,000	300,000	3.0	\$ 0.100	300,000	300,000	3.5
\$ 0.100	300,000	300,000	3.4	\$ 0.100	300,000	300,000	3.9
\$ 0.100	1,050,000	1,050,000	3.5	\$ 0.100	1,050,000	1,050,000	4.0
\$ 0.100	800,000	800,000	3.8	\$ 0.100	800,000	800,000	4.3
\$ 0.050	250,000	-	4.5	\$ -	-	-	-
\$ 0.050	250,000	-	4.8	\$ -	-	-	-
<b>\$ 0.076</b>	<b>6,525,000</b>	<b>6,025,000</b>	<b>2.7</b>	<b>\$ 0.077</b>	<b>6,025,000</b>	<b>6,025,000</b>	<b>3.0</b>

## GRIZZLY DISCOVERIES INC.

## Notes to the condensed consolidated interim financial statements

For the three and six months ended January 31, 2020 and 2019

*(unaudited)***7. General and administrative expenses**

For the	three months ended January 31		six months ended January 31	
	2020	2019	2020	2019
Advertising and promotion	\$ 5,583	\$ 1,042	\$ 8,007	\$ 37,082
Conferences and corporate travel	-	3,610	-	7,271
Consulting fees	6,000	12,000	12,000	24,000
Office and administration	1,865	2,647	4,464	6,218
Regulatory and transfer fees	11,037	10,604	17,808	14,751
Professional fees	764	1,774	1,674	2,877
	<b>\$ 25,249</b>	<b>\$ 31,677</b>	<b>\$ 43,953</b>	<b>\$ 92,199</b>

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

During the three and six months ended January 31, 2020, the Company received interest of \$650 and \$1,439 respectively (2019- \$529 and \$1,190 respectively) from deposits with its financial institutions. The Company did not pay any interest, nor did it receive any dividends, in either of the periods ended January 31, 2020 or 2019.

*Non-cash transactions eliminated from the consolidated statements of cash flows*

The following table lists non-cash transactions which were recorded in the six months ended January 31, 2020 and 2019 and have been eliminated from the consolidated statements of cash flows.

For the nine months ended April 30	2020	2019
Mineral exploration tax credits accrued as a reduction of mineral properties	\$ -	\$ (8,053)
Increase (decrease) in accounts payable related to investing activities	\$ 26,734	\$ 16,687