



Condensed Consolidated Interim Financial Statements

For the three months ended October 31, 2019 and 2018

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, 2019 and 2018 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	October 31 2019 <i>(unaudited)</i>	July 31 2019
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 106,456	\$ 124,144
Restricted cash (note 3)	5,000	5,000
Other current assets (note 4)	73,455	77,439
	184,911	206,583
Deposit	31,446	31,288
Mineral properties (note 5)	6,859,712	6,853,501
	184,911	206,583
<b>TOTAL ASSETS</b>	<b>\$ 7,076,069</b>	<b>\$ 7,091,372</b>
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 55,845	\$ 52,822
Deferred flow through share premium	10,377	10,377
	66,222	63,199
Reclamation provision	206,883	206,883
	206,883	206,883
<b>TOTAL LIABILITIES</b>	<b>273,105</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	2,917,622	2,906,372
Deficit	(16,863,151)	(16,833,792)
	6,802,964	6,821,290
<b>TOTAL EQUITY</b>	<b>6,802,964</b>	<b>6,821,290</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 7,076,069</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)*

<b>For the three months ended October 31</b>	<b>2019</b>	<b>2018</b>
<b>EXPENSES</b>		
General and administration (note 7)	\$ (18,704)	\$ (60,522)
Share based compensation	(11,250)	(150,500)
Impairment (note 5)	(194)	(5,262)
<b>TOTAL EXPENSES</b>	<b>(30,148)</b>	<b>(216,286)</b>
<b>OTHER INCOME</b>		
Interest income	789	1,797
Flow through share premium	-	4,000
<b>TOTAL OTHER INCOME</b>	<b>789</b>	<b>5,797</b>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ (29,359)</b>	<b>\$ (211,625)</b>
<b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
Weighted average number of common shares outstanding	<b>67,086,714</b>	<b>62,118,996</b>

*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)*

	Number of common shares	Share capital	Warrant capital	Contributed surplus	Deficit	Total equity
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	-	-	-	-	(361,605)	(361,605)
Private placement financings (note 8)	3,937,667	166,808	20,208	-	-	187,016
Options exercised	725,000	67,000	-	(25,750)	-	41,250
Warrants expired	-	-	(12,180)	12,180	-	-
Shares issued for services	431,138	30,180	-	-	-	30,180
Share based compensation	-	-	-	150,500	-	150,500
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	-	-	-	-	(29,359)	(29,359)
Options issued	-	-	-	11,250	-	11,250
Share issuance costs	-	(217)	-	-	-	(217)
<b>As at October 31, 2019</b>	<b>67,086,714</b>	<b>\$ 20,728,285</b>	<b>\$ 20,208</b>	<b>\$ 2,917,622</b>	<b>\$ 16,863,151</b>	<b>\$ 6,802,964</b>

*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 three months ended October 31</b>	<b>2019</b>	<b>2018</b>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (29,359)	\$ (211,625)
Items not affecting cash and cash equivalents:		
Share based compensation	11,250	150,500
Impairment	17,031	1,719,300
Flow through share premium	-	(4,000)
Changes in non-cash working capital:		
Other current assets	6,646	(30,161)
Accounts payable and accrued liabilities	(5,473)	21,515
Cash and cash equivalents used in operating activities	<u>(11,672)</u>	<u>(68,507)</u>
<b>INVESTING ACTIVITIES:</b>		
Deposit	(158)	(181)
Mineral properties expenditures	(5,641)	(33,482)
Cash and cash equivalents used in investing activities	<u>(5,799)</u>	<u>(33,663)</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>(17,688)</b>	<b>(61,130)</b>
Cash and cash equivalents – beginning of period	<u>124,144</u>	<u>192,920</u>
<b>CASH AND CASH EQUIVALENTS – END OF PERIOD</b>	<b>\$ 106,456</b>	<b>\$ 88,790</b>

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 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, 2019, the Company has a deficit of \$16,863,151 (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, 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, 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 December 27, 2019.

### 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	October 31 2019	July 31 2018
Accounts receivable	\$ 1,536	\$ 1,604
Goods and services tax receivable	2,061	1,301
Mineral exploration tax credits receivable	14,151	11,489
Prepayments and deposits	55,707	63,045
<b>Total other current assets</b>	<b>\$ 73,455</b>	<b>\$ 77,439</b>

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, 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
Exploration and evaluation costs	-	194	6,211	6,405
Reclamation	-	-	-	-
Impairment	-	(194)	-	(194)
<b>Balance, October 31, 2019</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 6,859,710</b>	<b>\$ 6,859,712</b>

*Option Agreement*

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.



Subsequent to October 31, 2019, the Company received notice from KG Exploration (Canada) Inc. that it intends to terminate the option pursuant to the Kinross Option with an estimated effective date of January 29, 2020. Under the terms of the Kinross Option, KG Exploration (Canada) Inc. is 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.

#### *Impairment*

The Company incurred costs of \$5,264 (2018 - \$2,041) 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.

In the three months ended October 31, 2018, the Company had incurred costs totaling \$3,224 (2019 – nil) related to its Alberta Potash property which has been written down to a nominal carrying value of \$1 in prior years.

## 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, October 31, 2019</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 months ended October 31, 2019 and 2018

*(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)
<b>Balance, July 31 and October 31, 2019</b>	<b>7,904,271</b>	<b>\$</b>	<b>20,208</b>

A summary of share purchase warrants outstanding is as follows:

As at October 31, 2019				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	0.1	\$ 0.075	1,200,000	1,200,000	0.4
\$ 0.140	2,000,004	2,000,004	1.6	\$ 0.140	2,000,004	2,000,004	1.8
\$ 0.120	612,500	612,500	0.7	\$ 0.120	612,500	612,500	1.0
\$ 0.120	50,000	50,000	0.7	\$ 0.120	50,000	50,000	1.0
\$ 0.100	3,937,667	3,937,667	1.6	\$ 0.100	3,937,667	3,937,667	1.9
\$ 0.100	104,100	104,100	1.6	\$ 0.100	104,100	104,100	1.9
<b>\$ 0.108</b>	<b>7,904,271</b>	<b>7,904,271</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*

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	(200,000)	\$ 0.10
Outstanding stock options, July 31, 2019	6,025,000	\$ 0.08
Issued	250,000	\$ 0.05
<b>Outstanding stock options, October 31, 2019</b>	<b>6,275,000</b>	<b>\$ 0.08</b>

## GRIZZLY DISCOVERIES INC.

## Notes to the condensed consolidated interim financial statements

For the three months ended October 31, 2019 and 2018

*(unaudited)*

A summary of stock options outstanding is as follows:

As at October 31, 2019				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	1.6	\$ 0.075	2,200,000	2,200,000	1.8
\$ 0.050	1,575,000	1,575,000	2.7	\$ 0.050	1,575,000	1,575,000	2.9
\$ 0.100	300,000	300,000	3.2	\$ 0.100	300,000	300,000	3.5
\$ 0.100	300,000	300,000	3.7	\$ 0.100	300,000	300,000	3.9
\$ 0.100	1,050,000	1,050,000	3.8	\$ 0.100	1,050,000	1,050,000	4.0
\$ 0.100	800,000	800,000	4.0	\$ 0.100	800,000	800,000	4.3
\$ 0.050	250,000	250,000	4.8	\$ -	-	-	-
<b>\$ 0.077</b>	<b>6,275,000</b>	<b>6,275,000</b>	<b>2.8</b>	<b>\$ 0.077</b>	<b>6,025,000</b>	<b>6,025,000</b>	<b>3.0</b>

Subsequent to October 31, 2019, the Company granted an additional 500,000 options exercisable at \$0.05 per option under the Company's stock option plan to a consultant.

**7. General and administrative expenses**

For the three months ended October 31	2019	2018
Advertising and promotion	\$ 2,424	\$ 36,040
Conferences and corporate travel	-	3,661
Consulting fees	6,000	12,000
Office and administration	2,599	3,573
Regulatory and transfer fees	6,771	4,147
Professional fees	910	1,103
<b>General and administrative expenses</b>	<b>\$ 18,704</b>	<b>\$ 60,522</b>

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

During the three months ended October 31, 2019, the Company received interest of \$789 (2018 - \$661) 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, 2019 or 2018.

*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, 2019 and 2018 and have been eliminated from the consolidated statements of cash flows.

For the three months ended October 31	2019	2018
Mineral exploration tax credits accrued as a reduction of mineral properties	\$ (2,662)	\$ (3,571)
Increase in accounts payable related to investing activities	\$ 8,496	\$ 4,648