

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2018
(Unaudited - Expressed in Canadian Dollars)

GREAT BEAR RESOURCES LTD.
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March 31, 2018

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NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements they must be accompanied by a notice indicating that these condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The attached condensed interim consolidated financial statements for the three months ended March 31, 2018 have not been reviewed by the Company's auditors.

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

		March 31, 2018	December 31, 2017
ASSETS:			
Current assets	Note		
Cash		\$ 1,481,607	\$ 931,548
Investments in equity instruments	3,4	170,757	243,634
Receivables	5	46,769	25,698
Prepaid expenses		94,552	72,180
Total current assets		1,793,685	1,273,060
Exploration and evaluation assets	6	1,700,444	1,405,696
Total assets		\$ 3,494,129	\$ 2,678,756
LIABILITIES:			
Current liabilities			
Accounts payable and accrued liabilities	7	\$ 701,481	\$ 378,483
Flow-through premium liability	8	29,500	71,442
		730,981	449,925
EQUITY:			
Share capital	9	16,842,860	16,359,715
Subscriptions receivable	9	-	(452,202)
Equity reserves		4,974,506	4,809,257
Accumulated other comprehensive income (AOCI)		(2,202)	70,676
Deficit		(19,052,016)	(18,558,615)
Total equity		2,763,148	2,228,831
Total liabilities and equity		\$ 3,494,129	\$ 2,678,756

Nature and Continuance of Operations (Note 1)
 Commitments (Note 12)

Approved and authorized for issue by the Board of Directors on May 29, 2018

 "Doug Ramshaw" Director

 "David Terry" Director

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

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

		Three months ended March 31,	
	Note	2018	2017
Expenses:			
Consulting		\$ 36,500	\$ 33,000
Director Fees	10	6,000	-
Management fees	10	31,250	11,250
Office and administration		28,017	5,982
Professional fees		13,661	6,250
Property investigation		12,707	-
Rent	12	4,992	4,992
Share-based compensation	9,10	265,724	-
Transfer agent and filing fees		12,308	7,187
Travel, promotion and shareholder information		131,434	24,004
Total expenses		542,593	92,665
Other income			
Interest income		7,250	-
Other income	8	41,942	1,151
Total other income		49,192	1,151
Net loss for the period		\$ (493,401)	\$ (91,514)
Basic and diluted loss per common share		\$ (0.03)	\$ (0.01)
Weighted average number of common shares outstanding		19,004,833	7,153,688
Net loss for the period		\$ (493,401)	\$ (91,514)
Change in unrealized gains on investment in equity instruments			
Increase (decrease) in fair value		(72,878)	910
Net comprehensive loss for the period		\$ (566,279)	\$ (90,604)

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

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited – Expressed in Canadian Dollars)

	<i>Share Capital</i>		<i>Subscriptions Receivable</i>	<i>Equity Reserves</i>	<i>AOCI AFS Investments</i>	<i>Deficit</i>	<i>Total</i>
	<i>Number of Shares</i>	<i>Amount</i>					
Balance at December 31, 2016	12,194,966	\$ 15,021,501	\$ -	\$ 4,423,886	\$ 36,000	\$ (18,018,418)	\$ 1,462,969
Increase in fair value of equity investments	-	-	-	-	910	-	910
Loss for the period	-	-	-	-	-	(91,514)	(91,514)
Balance at March 31, 2017	12,194,966	\$ 15,021,501	\$ -	\$ 4,423,886	\$ 36,910	\$ (18,109,932)	\$ 1,372,365
Balance at December 31, 2017	18,176,689	\$ 16,359,715	\$ (452,202)	\$ 4,809,257	\$ 70,676	\$ (18,558,615)	\$ 2,228,831
Increase in fair value of FVOCI equity investments	-	-	-	-	(72,878)	-	(72,878)
Shares issued in private placement	-	-	452,202	-	-	-	452,202
Share issue costs	-	(8,714)	-	-	-	-	(8,714)
Share-based compensation	-	-	-	265,724	-	-	265,724
Options exercised	40,000	18,571	-	(8,971)	-	-	9,600
Warrants exercised	1,532,666	473,288	-	(91,504)	-	-	381,784
Loss for the period	-	-	-	-	-	(493,401)	(493,401)
Balance at March 31, 2018	19,749,355	\$ 16,842,860	\$ -	\$ 4,974,506	\$ (2,202)	\$ (19,052,016)	\$ 2,763,148

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

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Expressed in Canadian Dollars)

		Three months ended March 31,	
		2018	2017
Cash flows from operating activities	Note		
Loss for the period		\$ (566,279)	\$ (91,514)
Items not involving cash:			
Other income	8	(41,942)	(1,151)
Share-based compensation	9,10	265,724	-
Unrealized gain (loss) on investment		72,877	-
Changes in non-cash working capital items:			
Receivables		(21,071)	19,662
Government remittances		-	(25,481)
Prepaid expenses		(22,372)	33,267
Accounts payable and accrued liabilities		118,733	(19,374)
Net cash used in operating activities		(194,330)	(84,591)
Cash flows used in investing activities			
Mineral properties and exploration advances		(85,158)	(44,731)
Net cash used in investing activities		(85,158)	(44,731)
Cash flows from financing activities			
Cash share issue costs		(8,713)	-
Cash from options exercised	9	9,600	-
Cash from warrants exercised	9	381,783	-
Subscriptions receivable	9	446,877	-
Net cash provided by financing activities		829,547	-
Changes in cash during the period		550,059	(129,322)
Cash, beginning of period		931,548	765,976
Cash, end of period		\$ 1,481,607	\$ 636,654

Supplemental disclosure with respect to Cash Flows (note 11)

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

GREAT BEAR RESOURCES LTD.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2018

1. NATURE AND CONTINUANCE OF OPERATIONS

Great Bear Resources Ltd. (the "Company") was incorporated under the Company Act (British Columbia) on December 6, 2001. On January 22, 2010, the Company changed its name from Great Bear Uranium Corp. to Great Bear Resources Ltd. The Company's registered office and its principal place of business is located at 1020 - 800 West Pender Street, Vancouver, BC, Canada V6C 2V6.

The Company is a mineral exploration company with interests in mineral properties in British Columbia and Ontario, Canada. The Company's shares are listed on the TSX Venture Exchange ("TSX.V") under the trading symbol "GBR".

The Company is in the process of exploring its resource properties and has not yet determined whether the resource properties contain reserves that are economically recoverable. The business of mining and exploring for resources involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts capitalized for the resource properties and related deferred exploration costs are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof. Changes in future conditions could require material write-downs of the carrying values of resource properties.

2. BASIS OF PREPARATION

Statement of Compliance

The interim consolidated financial statements of the Company were prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for interim information, specifically International Accounting Standards ("IAS") 34, Interim Financial Reporting.

The condensed interim consolidated financial statements are presented in accordance with IAS 1, Presentation of Financial Statements. The Company has elected to present the "Statement of Comprehensive Loss" as a single statement, "Consolidated Statement of Loss and Comprehensive Loss".

The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the Company's most recent annual audited consolidated financial statements for the year ended December 31, 2017, except the changes noted below, and therefore, should be read in conjunction with those statements and notes thereto. Changes to significant accounting policies are described in note 3.

The financial statements are prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss and fair value through other comprehensive income or loss. All dollar amounts presented are in Canadian dollars unless otherwise specified. The financial statements are prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim consolidated financial statements of the Company for the three months ended March 31, 2018 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 29, 2018.

Going Concern of Operations

These condensed interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions that would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

GREAT BEAR RESOURCES LTD.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2018

2. BASIS OF PREPARATION (continued)

Going Concern of Operations (continued)

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the properties. To date, the Company has not earned any revenues.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies in these condensed interim consolidated financial statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended December 31, 2017.

The Company has adopted IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers from January 1, 2018. The effect of initially applying these standards did not have a material impact on the Company's financial statements.

New and Revised Standards and Interpretations

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB in November 2009 and replaced IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. However, most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired:

Fair value through profit or loss ("FVTRL") – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Fair value through other comprehensive income ("FVTOCI") - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Management determines the classification of its financial assets at initial recognition.

The adoption of IFRS 9 has had no significant impact on the financial statements as the Company elected to value its marketable securities at FVOCI under IFRS 9 (previously classified as available for sale under IAS 39). Any subsequent gains or losses on these instruments under IFRS 9 will not be reclassified to profit and loss.

GREAT BEAR RESOURCES LTD.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New and Revised Standards and Interpretations (continued)

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

The adoption of this standard has not had any impact on the Company's financial statements.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligation. This standard is effective for reporting periods beginning on or after January 1, 2019, with early adoption permitted.

Management has assessed this standard as not having a significant impact on the Company's financial statements.

4. INVESTMENT IN EQUITY INSTRUMENTS

FVOCI investments consists of investments in common shares of publicly traded companies, and therefore has no fixed maturity date or coupon rate. The fair value of the listed investments has been determined directly by reference to published price quotations in an active market. During the three months ended March 31, 2018, the the fair value of these investments decreased by \$72,878 (2017 – increased by \$910), which is recorded in other comprehensive income.

5. RECEIVABLES

Receivables as at March 31, 2018 consisted of a GST receivable balance from the Federal Government of Canada in the amount of \$46,769 (December 31, 2017 - \$25,698).

6. EXPLORATION AND EVALUATION ASSETS

	BA Property	Surprise Creek Property	Dixie Lake Property	West Madsen Property	Total
Balance, December 31, 2016	\$ 644,062	\$ 347,378	\$ 51,406	\$ 12,500	\$ 1,055,346
<u>Additions:</u>					
Acquisition	15,130	10,392	75,216	149,500	250,238
Exploration	54,011	525	530,738	14,840	600,113
<u>Less:</u>					
Recoveries	(250,000)	(250,000)	-	-	(500,000)
Balance, December 31, 2017	\$ 463,202	\$ 108,295	\$ 657,360	\$ 176,840	\$ 1,405,696
<u>Additions:</u>					
Acquisition	-	-	-	-	-
Exploration	1,150	-	291,298	2,300	294,748
Balance, March 31, 2018	\$ 464,352	\$ 108,295	\$ 948,658	\$ 179,140	\$ 1,700,444

GREAT BEAR RESOURCES LTD.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2018

6. EXPLORATION AND EVALUATION ASSETS (continued)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

a) Dixie Lake Property

On November 20, 2015 the Company entered into an agreement to acquire the Dixie Lake mining claims in Ontario consisting of a 67% interest in 45 mining claims and a 100% interest in 4 newly staked mining claims. In order to acquire the interest, the Company (as farmee) must make the following cash payments and share issuances:

Due Date	Cash	Common Shares of the Company
November 2, 2015 (paid on November 2, 2015)	\$ 4,000 (paid)	-
Within 7 days of executing the acquisition agreement	\$ 16,000 (paid)	-
Within 30 days of executing the acquisition agreement	-	20,000 (issued)
November 20, 2016 (paid on November 2, 2016)	\$ 20,000 (paid)	-
November 20, 2017 (paid on November 2, 2017)	\$ 20,000 (paid)	-
November 20, 2018	\$ 30,000	-
November 20, 2019	\$ 40,000	-
	\$ 130,000	20,000 (issued)

On July 12, 2017, the Company entered into a Purchase Agreement with Newmont Canada Holdings, ULC ("Newmont") to acquire Newmont's 33% interest in the Dixie Lake project, located in the Red Lake district of Ontario, by paying \$80,000 over four years. The purchase can be accelerated at any time at the Company's discretion.

Due Date	Cash
July 12, 2017	\$ 20,000 (paid)
July 12, 2018	\$ 20,000
July 12, 2019	\$ 20,000
July 12, 2020	\$ 20,000
Total	\$ 80,000

b) West Madsen Property

On December 29, 2016, the Company signed a purchase agreement to acquire 100% ownership of the West Madsen gold project in the Red Lake Gold District of Ontario. On August 29, 2017, the Company entered into an amending agreement to the above Purchase Agreement.

On August 30, 2017, the Company signed a purchase agreement to acquire 100% ownership of additional claims expanding the West Madsen gold project and announced that it was purchasing all Net Smelter Royalties on the West Madsen project for payment of 200,000 shares.

Under these agreements, the Company will pay aggregate cash and issue shares as follows:

Due Date	Cash	Common Shares
December 2016	\$ 12,000 (paid)	
April 7, 2017 issued		100,000 (issued)
Within 7 business days of August 29, 2017	\$ 12,000 (paid)	-
Within 7 business days of TSX approval	-	300,000 (issued)
December 29, 2017	\$ 10,000 (paid)	-
August 29, 2018	\$ 12,000	-
December 29, 2018	\$ 12,000	-
August 29, 2019	\$ 14,000	-
December 29, 2019	\$ 16,000	-
August 29, 2020	\$ 16,000	-
December 29, 2020	\$ 20,000	-
August 29, 2021	\$ 20,000	-
Total	\$ 144,000	400,000 (issued)

GREAT BEAR RESOURCES LTD.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2018

6. EXPLORATION AND EVALUATION ASSETS (continued)

c) BA Property and Surprise Creek Property

Pursuant to an option and joint venture agreement with Mountain Boy Minerals Ltd. ("Mountain Boy") dated January 28, 2010 and amended on December 31, 2013, the Company acquired a 50% interest in the BA Property located in the Skeena Mining Division in the province of British Columbia.

The Company owns 50% of the Surprise Creek Property subject to a 1% NSR, which may be purchased by the Company. The Surprise Creek Property is also in the Skeena Mining Division in the province of British Columbia and consists of 19 mineral claims totaling 7,472 hectares.

On October 25, 2010, the Company entered into an amending agreement to the above Option and Joint Venture Agreement relating to the BA Property whereby the Surprise Creek Property was included under the terms of the Joint Venture Agreement and acquisition costs for the Surprise Creek Property borne entirely by the Company were applied against its earn-in requirement towards the BA Property.

In October 2016, the Company amended its agreements with Mountain Boy and entered into new joint venture agreements with Mountain Boy for each of the BA and Surprise Creek properties (the "2016 Agreements"). The October 2016 Agreements require the Company and Mountain Boy to conduct annual minimum work programs of \$250,000 on each project. Management has determined the terms of this arrangement do not provide joint control of the relevant activities of exploring and evaluating this property and accordingly only those costs incurred by the Company have been capitalized.

On June 1, 2017, the Company entered into an Agreement to grant an option to Mountain Boy to acquire the Company's 50% interest in and to each of the BA Property and Surprise Creek Property. Under the option agreement, Mountain Boy will pay aggregate cash and shares as follows:

Due Date	Cash	Common Shares of Mountain Boy
August 20, 2017	\$ 150,000*	-
September 1, 2017 (TSX approval date)	-	2,500,000*
November 20, 2017	150,000*	-
April 15, 2018	-	2,500,000*
August 20, 2018	300,000	-
April 15, 2019	-	2,500,000
August 20, 2019	350,000	-
April 15, 2020	-	2,500,000
August 20, 2020	350,000	-
On completion of a Mineral Resource on the Surprise Creek Property	200,000	-
On completion of a Mineral Resource on the BA Property	400,000	-
On completion of a Pre-Feasibility Study on the Surprise Creek Property	200,000	-
On completion of a Pre-Feasibility Study on the BA Property	500,000	-
On commencement of constructing a mine to extract ore to produce minerals from the Surprise Creek Property	800,000	-
On commencement of constructing a mine to extract ore to produce minerals from the BA Property	1,600,000	-
	\$ 5,000,000	10,000,000

*Received

The Company will retain a right of first refusal on the sale of both - the Surprise Creek and BA properties, should Mountain Boy enter into a sale agreement on either project in whole or in part with a third party.

GREAT BEAR RESOURCES LTD.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2018

6. EXPLORATION AND EVALUATION ASSETS (continued)

c) BA Property and Surprise Creek Property (continued)

The 2016 Agreements are suspended during the period of the 2017 Agreement, and if Mountain Boy elects not to exercise an option or fails to make any payments or share issuances to the Company in respect of either optioned property, the 2016 Agreements between the Company and Mountain Boy will resume in respect of the properties at 50% interest owned by each company.

In September 2017, the Company received its final approval of the TSX Venture Exchange to grant the option to its joint venture partner, Mountain Boy to acquire the Company's 50% interest in and to each of the BA and Surprise Creek associated properties.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	Note	March 31, 2018	December 31, 2017
Accounts payable to third parties	\$	354,070	\$ 68,794
Accrued liabilities to third parties		302,273	301,346
Accounts payable to related parties	9	10,763	5,218
Accrued liability to related parties	9	34,375	3,125
	\$	701,481	\$ 378,483

Included in accrued liabilities is an amount of \$271,022 which has been outstanding for over six years. Management has disputed this balance owing and does not believe the Company is required to pay this amount.

The Company will continue to review current statutes and is seeking legal advice to determine when the amount can be de-recognized from the financial statements.

8. FLOW-THROUGH LIABILITY

Flow-through share premium liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the issued flow-through shares:

	March 31, 2018
Balance at December 31, 2017	\$ 71,442
Liability incurred on flow-through shares issued	-
Settlement of flow-through share liability on incurred expenditures	(41,942)
Balance at March 31, 2018	\$ 29,500

During 2017, the Company issued 1,428,857 flow-through common shares at a price of \$0.35 per share for gross proceeds of \$500,100. A premium of \$0.05 per share was recorded for the flow-through shares.

During the three months ended March 31, 2018, the Company incurred \$293,597 of eligible flow-through expenditure, representing 58.7% of flow-through funds raised. Therefore, 58.7% of the premium liability (\$41,942) was amortized to Other Income on the Statement of Operations and Comprehensive Loss.

9. SHARE CAPITAL

On June 1, 2016, the common shares of the Company were consolidated such that one new common share was issued for every five common shares outstanding. The Company has affected the share consolidation in these consolidated financial statements as if it happened as at January 1, 2016 and disclosed all share capital, stock option and warrant information retrospectively, all on a post consolidated basis.

a) Authorized

Share capital consists of an unlimited number of voting common shares without par value.

GREAT BEAR RESOURCES LTD.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2018

9. SHARE CAPITAL (continued)

b) Issued

Three months ended March 31, 2018

During the three months ended March 31, 2018, 1,532,666 common shares were issued upon warrant exercise for a total of \$381,783 and 40,000 shares were issued upon option exercise for gross proceeds of \$9,600. \$100,475 were reallocated from reserves to share capital.

A total of \$446,877 was received for units issued in a private placement in December 2017.

Year ended December 31, 2017

On April 7, 2017, the Company issued 100,000 common shares at a fair value of \$0.185 per share for a resource property (Note 6b).

On August 4, 2017, the Company completed a non-brokered private placement and issued a total of 1,680,000 units at a price of \$0.25 per unit for gross proceeds of \$420,000. Each unit consists of one common share and one half of one share purchase warrant. Each warrant entitles the holder to acquire an additional common share for \$0.35 for a two-year period. The expiry date of the share purchase warrants will be subject to acceleration at the Company's discretion in the event the Company's common shares trade on a volume-weighted average price basis of \$0.45 per share for a period of 10 consecutive trading days.

The aggregate proceeds raised of \$420,000 have been allocated as follows:

Gross proceeds	Allocation		
	Common shares	Warrants	Finder's fees and share issue costs
\$ 420,000	\$ 310,367	\$ 109,633	\$ -

Level 1 quoted market prices were used to determine the fair value of the common shares and level 2 market-based information using a Black-Scholes option pricing model was used to determine the value of the warrants with the following assumptions.

	December 31, 2017
Expected dividend yield	0 %
Weighted average risk-free interest rate	1.24 %
Weighted average expected life	2.0 years
Weighted average expected volatility	148.733%

On September 20, 2017, the Company issued 300,000 common shares at a fair value of \$0.35 per share for a resource property (Note 6b).

On December 27, 2017, the Company completed a non-brokered private placement and issued a total 1,751,834 non-flow-through units at a price of \$0.30 per unit for gross proceeds of \$525,550. Each unit consists of one common share and one-half common share purchase warrant. Each warrant entitles the holder to acquire an additional common share for \$0.42 for a two-year period. The expiry date of the share purchase warrants will be subject to acceleration at the Company's discretion in the event the Company's common shares trade on a volume-weighted average price basis of \$0.50 per share for a period of 10 consecutive trading days.

On the same day the Company also completed a non-brokered private placement and issued a total of 1,428,857 flow-through units at a price of \$0.35 for gross proceeds of \$500,100, including a flow-through liability of \$71,442 (Note 8). Each unit consists of one common share and one half of one share purchase warrant. Each warrant entitles the holder to acquire an additional common share for \$0.42 for a two-year period. The share purchase warrants will be subject to acceleration on the same terms as the non-flow through warrants.

GREAT BEAR RESOURCES LTD.
Notes to the Condensed Interim Consolidated Financial Statements
March 31, 2018

9. SHARE CAPITAL (continued)

b) Issued (continued)

Year ended December 31, 2017 (continued)

The aggregate proceeds raised of \$1,025,650 have been allocated as follows:

Gross proceeds	Allocation			
	Common shares	Warrants	Flow-through premium liability	Finder's fees and share issue costs
\$ 1,025,650	\$ 714,466	\$ 293,742	\$ 71,442	\$ 36,102

Level 1 quoted market prices were used to determine the fair value of the common shares and level 2 market-based information using a Black-Scholes option pricing model was used to determine the value of the warrants with the following assumptions.

	December 31, 2017
Expected dividend yield	0 %
Weighted average risk-free interest rate	1.66 %
Weighted average expected life	2.0 years
Weighted average expected volatility	143.614%

During the year ended December 31, 2017, 721,032 common shares were issued for gross proceeds of \$175,271 due to exercise of warrants.

c) Share purchase warrants

Warrant transactions are summarized as follows:

	March 31, 2018		December 31, 2017	
	Number of warrants	Weighted Average Exercise Price	Number of warrants	Weighted Average Exercise Price
Balance, beginning of period	10,381,876	\$ 0.30	8,681,866	\$ 0.27
Granted	-	-	2,430,342	0.40
Exercised	(1,532,666)	0.29	(721,032)	0.24
Expired	-	-	(9,300)	0.40
Balance, end of period	8,849,210	\$ 0.31	10,381,876	\$ 0.30

As at March 31, 2018, the following warrants were outstanding and exercisable:

Warrants Outstanding	Warrants Exercisable	Exercise price	Weighted Average Remaining Life (in years)	Expiry date
600,000	600,000	\$ 0.50	0.49	September 25, 2018
159,400	159,400	\$ 0.40	0.44	September 8, 2018
1,991,968	1,991,968	\$ 0.20	1.30	July 18, 2019
3,737,500	3,737,500	\$ 0.27	0.46	September 16, 2018
770,000	770,000	\$ 0.35	1.35	August 4, 2019
1,590,342	1,590,342	\$ 0.42	1.74	December 27, 2019
8,849,210	8,849,210		0.96	

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9. SHARE CAPITAL (continued)

d) Stock options

The Company has adopted an incentive stock option plan (the "Option Plan") dated September 30, 2010 which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors.

On March 1, 2018, the Company granted an aggregate of 565,000 stock options to officers, directors, advisors and consultants of the Company, exercisable at \$0.51 per share for a period of five years. The options are subject to a four-month hold.

The fair value of stock options awarded in 2018 of \$0.47 was determined using the Black-Scholes Option Pricing Model with assumptions as follows:

	March 31, 2018	December 31, 2017
Expected dividend yield	0 %	0 %
Weighted average risk-free interest rate	1.99 %	1.77 %
Weighted average expected life	5.0 years	5.0 years
Weighted average expected volatility	167 %	171 %

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility, which was estimated based on historical volatility of the Company's publicly traded shares. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

	March 31, 2018		December 31, 2017	
	Number of shares	Weighted Average Exercise Price	Number of shares	Weighted Average Exercise Price
Balance, beginning of year	1,411,000	\$ 0.31	1,218,000	\$ 0.33
Granted	565,000	0.51	210,000	0.36
Expired	-	-	(17,000)	2.50
Exercised	(40,000)	0.24	-	-
Balance, end of period	1,936,000	\$ 0.37	1,411,000	\$ 0.31

As at March 31, 2018, the following stock options were outstanding and exercisable:

Options Outstanding	Options Exercisable	Exercise price	Weighted Average Remaining Life (in years)	Expiry date
145,000	145,000	\$ 0.75	0.49	September 25, 2018
16,000	16,000	\$ 0.75	0.96	March 18, 2019
1,000,000	1,000,000	\$ 0.23	3.42	September 1, 2021
210,000	210,000	\$ 0.36	4.53	October 22, 2021
565,000	565,000	\$ 0.51	4.92	March 1, 2023
1,936,000	1,936,000		3.74	

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10. RELATED PARTY TRANSACTIONS

Key management compensation paid and accrued to directors, officers and companies in which directors and officers are shareholders and employees during the period ended March 31, 2017 and 2016 are as follows:

	March 31, 2018	March 31, 2017
Director fees	\$ 6,000	\$ -
Geological fees capitalized to resource properties	14,750	26,250
Management and consulting fees	36,750	14,250
Share-based compensation	166,960	-
	\$ 224,460	\$ 40,500

As at March 31, 2018, \$10,763 (December 31, 2017 - \$5,218) is payable to various officers and directors of the Company. The accrued liabilities included \$34,375 (December 31, 2017 - \$3,125), owing to various officers and directors of the Company and companies, controlled by or having common officers and/or directors. These balances are non-interest bearing with no specific terms of repayment and are unsecured.

11. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash transactions are as follows:

	March 31, 2017	March 31, 2016
Mineral properties and exploration expenditures included in accounts payable	\$ 234,473	\$ -

12. COMMITMENTS

a) Plan of Arrangement - Madalena Energy Inc. (formerly Madalena Ventures Inc.)

In March of 2006, the Company entered into an agreement with Madalena Energy Inc. ("Madalena"), a public company listed on TSX Venture Exchange, in which Madalena agreed to distribute its mineral exploration business and certain marketable securities associated with the business to the Company. Each shareholder of Madalena received one-fifteenth of a common share of the Company for each common share of Madalena owned by such shareholder at August 22, 2006. The Company assumed all of Madalena's obligations in respect to a dividend in specie declared by Madalena on November 15, 2004, which was payable in the form of Planet Mining Exploration Inc. ("Planet") shares. The remaining 962,861 Planet shares and the dividend obligation that were transferred to the Company as part of the Arrangement are not included in the Company's balance sheet as the shares are held trust by the Company for shareholders of Madalena at the declaration date. As at December 31, 2015, the Company held 962,861 Planet shares for distribution.

The dividend entitlement still exists but will ultimately expire pursuant to the provisions of the Unclaimed Property Act (B.C.), after which any unclaimed Planet shares (or any cash realized from their disposition prior to then) will become the property of the Company. As these Planet shares are held in a trust account for distribution to eligible shareholders, the shares have not been recognized on the Company's balance sheet.

b) Flow-Through Shares

During 2017 the Company issued flow-through shares and, as a result, is committed to spend \$500,100 in qualifying exploration expenditures in 2018. The Company had incurred \$293,597 in qualifying expenditures as at March 31, 2017.

c) Lease

The company entered into a lease agreement with a third party to rent an office space commencing September 1, 2016 to April 29, 2018 for \$1,663.93 per month. In addition to the monthly rental payments, the company is charged for the applicable GST costs.

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12. COMMITMENTS (continued)

c) Lease (continued)

The company entered into a lease agreement with a third party to rent an office space commencing May 1, 2018 to April 29, 2021 for \$1,687.50 per month. In addition to the monthly rental payments, the company is charged for the applicable GST costs.

The future rental payments are required as follows:

2018	\$16,823
2019	\$20,250
2020	\$20,250
2021	\$6,750

d) Services Agreement

The Company has entered into a management and consulting services agreement with a third party. If this agreement is terminated by the Company, the Company is required to make a payment in the amount of \$90,000. If there is a change in control and either party terminates this agreement within 12 months of the change in control, the company is required to pay the consultant \$180,000.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash are available on demand for the Company's programs and are not invested in any asset backed commercial paper.

b) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash. The Company maintains its cash with high-credit quality financial institutions, thus limiting its exposure to credit risk on such financial assets.

c) Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash, and restricted cash as they are generally held with large financial institutions.

d) Price Risk

Investments in equity instruments which are classified as fair value through other comprehensive income, which are measured at fair value, are listed on public stock exchanges, including TSX-V and OTC-QB. Recently, the markets have experienced extreme volatility. Therefore, sensitivity analysis is performed using 15%. For such investments, a 15% increase in equity prices as at March 31, 2018 would have increased investments in equity instruments by \$25,614. An equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

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13. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

e) Fair Value Hierarchy

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The fair value of cash and investments in equity instruments is measured based on level 1 of the fair value hierarchy

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at March 31, 2017 and December 31, 2017:

	Classification ⁽¹⁾	Fair Value Hierarchy	March 31, 2018 Fair Value	December 31, 2017 Fair Value
Financial Assets:				
Cash	FVTPL	1	\$ 1,481,607	\$ 931,548
Investments in equity instruments	FVOCI	1	170,757	243,634

There were no transfers between Level 1, 2 and 3 in the period.

The estimated fair value of financial instruments approximates their carrying values due to the short-term nature of these instruments.

14. CAPITAL DISCLOSURES

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. There were no changes in the Company's approach to capital management during the period. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. As at March 31, 2018, the Company is not subject to externally imposed capital requirements.

15. SEGMENTED INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mineral exploration sector. The Company's mining exploration operations are centralized whereby the Company's head office is responsible for the exploration results and for providing support in addressing local and regional issues. The Company's resource properties are located in British Columbia and Ontario, Canada. The resource properties as disclosed in note 6.

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16. SUBSEQUENT EVENTS

On May 23, 2018 the Company announced closing a non-brokered private placement consisting of both non-flow-through and flow-through unit offerings for gross proceeds of \$1,755,252.

The Company issued 1,635,000 non-flow-through units at a price of \$0.50 which consist of one common share and one-half-of-one common share purchase warrant entitling the holder to acquire one additional common share at a price \$0.70 per share for a period of twenty-four (24) months.

The Company also issued 1,616,814 flow-through units at a price of \$0.58 and will consist of one common share and one-half-of-one common share purchase warrant entitling the holder to acquire one additional common share at a price \$0.70 per share for a period of twenty-four (24) months.

Finder's fee of \$71,946 and 137,100 broker's warrants were issued in relation to closing the placement. The broker's warrants have the same terms as the non-flow-through and flow-through warrants.

175,000 shares were also issued upon warrant exercise for the total proceeds of \$43,750.