



For the Six Months Ended August 31, 2017

## **Condensed Interim Financial Statements**

(Expressed in Canadian Dollars)

(Unaudited)

- Notice of No Auditor Review of Interim Financial Statements
- Interim Statements of Financial Position
- Interim Statements of Comprehensive Loss
- Interim Statements of Changes in Shareholders' Equity
- Interim Statements of Cash Flows
- Notes to the Interim Financial Statements

**NOTICE OF NO AUDITOR REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

The accompanying condensed unaudited interim financial statements of Great Atlantic Resources Corp. for the period ended August 31, 2017 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# Great Atlantic Resources Corp.

## Interim Statements of Financial Position

(Expressed in Canadian Dollar)

(Unaudited)

	Note	August 31, 2017 \$	February 28, 2017 \$
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash		28,063	3,110
GST / HST Recoverable		7,337	14,233
Due from Related Parties	7(d)	40,200	40,200
Marketable Securities	4	2,444	1,589
		<u>78,044</u>	<u>59,132</u>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts Payable and Accrued Liabilities		168,019	634,096
Loans Payable	7(c)	-	7,376
Due to Related Parties	7	11,870	255,817
		<u>179,889</u>	<u>897,289</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	6	14,194,126	12,869,543
Share-Based Payment Reserve		198,316	74,278
Deficit		(14,494,287)	(13,781,978)
		<u>(101,845)</u>	<u>(838,157)</u>
		<u>78,044</u>	<u>59,132</u>

Nature of Operations and Ability to Continue as a Going Concern (Note 1)

Exploration and Evaluation Assets (Note 5)

Subsequent Events (Note 12)

The accompanying notes are an integral part of the interim financial statements.

Approved on Behalf of the Board:

**"Allan Beaton"**

Allan Beaton, Director

**"Chris Anderson"**

Chris Anderson, Director

# Great Atlantic Resources Corp.

## Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollar)

(Unaudited)

	Note	Number of Common Shares	Share Capital \$	Subscription Received	Shared-Based Payment Reserve \$	Deficit \$	Total Shareholders' Equity \$
<b>Balance, February 28, 2016</b>		13,192,472	12,521,718	-	63,324	(13,191,002)	(605,960)
Shares Issued for Exploration and Evaluation Assets	6(b)(i)	1,203,333	70,200	-	-	-	70,200
Shares Issued for Cash		2,000,000	100,000	-	-	-	100,000
Share Subscriptions received		-	-	28,000	-	-	28,000
Exercise of Warrants		700,000	35,000	-	-	-	35,000
Share-Based Payment		-	-	-	36,298	-	36,298
Net Comprehensive Loss		-	-	-	-	(297,687)	(297,687)
<b>Balance, August 31, 2016</b>		<b>17,095,805</b>	<b>12,726,918</b>	<b>28,000</b>	<b>99,622</b>	<b>(13,488,689)</b>	<b>(634,149)</b>
<b>Balance, February 28, 2017</b>		18,745,805	12,869,543		74,278	(13,781,978)	(838,157)
Shares Issued for Cash	6(b)(ii)	12,000,000	1,160,000		-	-	1,160,000
Shares Issued for Exploration and Evaluation Assets	6(b)(iii)	1,669,049	192,500		-	-	192,500
Exercise of Share Purchase Warrants	6(b)(iv)	724,000	65,260		-	-	65,260
Exercise of Stock Options	6(b)(v)	100,000	5,000		-	-	5,000
Fair Value of Stock Options Exercised		-	-		4,030	(4,030)	-
Fair Value of Agents' Warrants Issued					48,878		48,878
Share Issuance Costs			(98,177)				(98,177)
Share-Based Compensation					71,130		71,130
Net Comprehensive Loss						(708,279)	(708,279)
<b>Balance, August 31, 2017</b>		<b>33,238,854</b>	<b>14,194,126</b>		<b>198,316</b>	<b>(14,494,287)</b>	<b>(101,845)</b>

The accompanying notes are an integral part of the interim financial statements.

# Great Atlantic Resources Corp.

## Interim Statements of Comprehensive Loss

(Expressed in Canadian Dollar)

(Unaudited)

		Three Months Ended		Six Months Ended	
	Note	2017	August 31, 2016	2017	August 31, 2016
		\$	\$	\$	\$
<b>EXPENSES</b>					
Advertising, Investor Relations and Promotion		62,248	-	62,248	-
Audit and Legal		8,391	12,229	11,391	24,281
Bank and Interest Charges		252	132	335	1,134
Consulting Fees		61,500	-	64,000	1,400
Depreciation		-	115	-	230
Exploration	5	258,947	130,395	336,957	134,311
Management Fees		55,000	30,000	85,000	60,000
Office and Administration		32,836	16,928	50,003	30,973
Regulatory Fees and Transfer Agent		14,344	7,063	17,743	7,792
Rent		18,771	17,405	37,545	36,282
Shareholder Communications		4,627	225	4,627	475
Stock-Based Compensation		7,772	36,298	71,130	36,298
Travel		2,724	1,056	10,943	3,615
Less: Rent and Office Recovery	7(d)	(18,000)	(18,000)	(36,000)	(36,000)
		(509,412)	(233,846)	(715,922)	(300,791)
<b>LOSS BEFORE OTHER ITEMS</b>					
Write-Up (Down) of Marketable Securities		856	672	856	672
Debt Forgiveness		-	2,432	6,787	2,432
		856	3,104	7,643	3,104
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>					
		(508,556)	(230,742)	(708,279)	(297,687)
<b>BASIC AND DILUTED LOSS PER SHARE</b>					
		(0.02)	(0.02)	(0.03)	(0.02)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>					
		28,688,985	14,286,465	21,913,387	13,482,208

The accompanying notes are an integral part of the interim financial statements.

# Great Atlantic Resources Corp.

## Interim Statements of Cash Flows

(Expressed in Canadian Dollar)

(Unaudited)

	Three Months Ended		Six Months Ended	
	August 31,		August 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>CASH PROVIDED BY (USED FOR):</b>				
<b>OPERATING ACTIVITIES</b>				
Net Loss for the Period	(508,556)	(230,742)	(708,279)	(297,687)
Non-Cash Items				
Depreciation	-	115	-	230
Write-Up (Down) of Marketable Securities	(855)	(672)	(855)	(672)
Gain on forgiveness of debt	-	2,432	6,787	2,432
Stock-Based Compensation	7,772	36,298	71,130	36,298
	(501,639)	(192,569)	(631,217)	(259,399)
Change in Non-Cash Working Capital Accounts				
GST/HST Recoverable	4,145	(1,947)	6,896	2,950
Government Grant Receivable	-	-	-	21,000
Accounts Payables and Accrued Liabilities	(508,284)	(29,566)	(472,864)	(59,721)
Due to/from Related Parties	(171,236)	23,852	(243,947)	97,072
	(1,177,014)	(200,230)	(1,341,132)	(198,098)
<b>FINANCING ACTIVITIES</b>				
Proceeds from Issuance of Shares, Net of Issuance Costs	1,185,701	195,200	1,373,461	205,200
Subscription Received		28,000	-	28,000
Loan Payable	(9,376)	(11,895)	(7,376)	(14,301)
	1,176,325	211,305	1,366,085	218,899
<b>(DECREASE) INCREASE IN CASH</b>	(689)	11,075	24,953	20,801
Cash, Beginning of the Period	28,752	9,717	3,110	(9)
<b>CASH, END OF THE PERIOD</b>	<b>28,063</b>	<b>20,792</b>	<b>28,063</b>	<b>20,792</b>

The accompanying notes are an integral part of the interim financial statements.

# Great Atlantic Resources Corp.

## Notes to the Interim Financial Statements

For the Six Months Ended August 31, 2017

(Expressed in Canadian Dollar)

(Unaudited)

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### NOTE 1 – NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Great Atlantic Resources Corp. (“Great Atlantic” or the “Company”) was incorporated in British Columbia on February 24, 1997, as J.P.T. Resources Ltd. and changed its name to Horizon Industries Ltd. on June 7, 1999. The Company changed its name again on February 13, 2009, to Petro Horizon Energy Corp. and on April 30, 2010, changed its name to Greenlight Resources Inc. On June 19, 2012, the Company changed its name to Great Atlantic Resources Corp.

The Company is currently engaged in the acquisition, exploration, and evaluation of its mineral property interests located in Atlantic Canada. The Company’s shares are listed on the TSX Venture Exchange under the symbol GR and the head office, principal address, and registered office is located at 888 Dunsmuir Street, Suite 888, Vancouver, British Columbia, Canada.

These financial statements have been prepared in accordance with International Financial Reporting Standards on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions as set out below cast uncertainties on the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent upon the financial support from its shareholders and other related parties, its ability to obtain financing for the continuing exploration and development of its resource properties, the existence of economically recoverable reserves, and the attainment of profitable operations or proceeds from disposition of these properties.

The Company has not yet achieved profitable operations, and has an accumulated deficit of \$14,494,287 and a working capital deficiency of \$101,845 as at August 31, 2017; accordingly, the Company will need to raise additional funds through future issuance of securities or debt financing. Although the Company has raised funds in the past, there can be no assurance the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. It is not possible to predict whether financing efforts will be successful or if the Company will attain a profitable level of operations.

The Company is in the process of exploring and developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves, and future production or proceeds from the disposition thereof.

The current cash resources are not adequate to pay the Company’s accounts payable and to meet its minimum commitments at the date of these financial statements, including planned corporate and administrative expenses, and other project implementation costs, accordingly, there is significant doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

# Great Atlantic Resources Corp.

## Notes to the Interim Financial Statements

For the Six Months Ended August 31, 2017

(Expressed in Canadian Dollar)

(Unaudited)

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of Compliance

The interim financial statements have been prepared in accordance to IAS 34 *Interim Financial Reporting* using accounting policies consistent with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These financial statements were approved and authorized for issue by the board of Directors on October 30, 2017.

#### b) Basis of Preparation

The interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. These interim financial statements do not include all the information required for full annual financial statements. The interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended February 28, 2017. The accounting policies, methods of computation and presentation applied in these financial statements are consistent with those of the previous financial year.

### NOTE 3 – ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective as of February 28, 2017. The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the consolidated financial statements. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein.

#### IFRS 9 – Financial Instruments

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 “Financial Instruments” and applies to classification and measurement of financial assets as defined in IAS 39. The mandatory effective date has been set for annual periods beginning on or after January 1, 2018. The Company has not yet determined the impact of this standard on its financial statements.

### NOTE 4 – MARKETABLE SECURITIES

	August 31, 2017	February 28, 2017
	\$	\$
<b>Balance, Beginning of the Period</b>	1,589	855
Write-up (down) shares to market	855	734
<b>Balance, End of the Period</b>	<u>2,444</u>	<u>1,589</u>

# Great Atlantic Resources Corp.

## Notes to the Interim Financial Statements

For the Six Months Ended August 31, 2017

(Expressed in Canadian Dollar)

(Unaudited)

### NOTE 5 – EXPLORATION AND EVALUATION ASSETS

Cumulative acquisition and exploration costs incurred by the Company to date on its mineral properties are summarized below.

	Porcupine \$	South Quarry \$	Keymet \$	MacDougal Road \$	Golden Promise \$	Pilley's Mine, Southern Golden Promise and Point Leamington	General Exploration \$	Properties Terminated \$	Total \$
<b>Balance, February 28, 2017</b>	304,111	417,749	442,587	134,278	114,655	-	387,256	2,297,125	4,097,761
Acquisition Costs	-	22,500	-	-	115,000	116,630	-	-	254,130
Exploration Costs	-	820	2,012	431	79,564	-	-	-	82,827
<b>Balance, August 31, 2017</b>	<b>304,111</b>	<b>441,069</b>	<b>444,599</b>	<b>134,709</b>	<b>309,219</b>	<b>116,630</b>	<b>387,256</b>	<b>2,297,125</b>	<b>4,434,718</b>

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 conveyancing 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 are in good standing. All properties are located in Canada.

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2017

(Expressed in Canadian Dollar)

(Unaudited)

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### NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

#### a) Porcupine Property, New Brunswick, Canada

During the year ended February 28, 2011, the Company executed an option agreement to earn up to a 100% undivided interest in the Porcupine-Upper Miramichi Rare Earth Property located in New Brunswick. In consideration of the acquisition, the Company agreed to pay the vendors \$6,000 upon signing of the agreement (paid), and an additional cash payment of \$6,000 within 8 working days of the date of the agreement (paid). The Company also agreed to undertake to spend total minimum work commitments on the property of \$120,000 over the next five years and to make payments to the vendors of \$110,000 over the next five years (\$60,000 paid). Upon completion of the minimum work commitments and payments above, the Company will earn a 100% undivided ownership interest in the property.

During the year ended February 29, 2012, the Company entered into an option agreement with Explorex Resources Inc. (Explorex) whereby Explorex was granted an option to acquire up to an 85% interest in the property. To earn an initial 70% interest, Explorex was required to make total cash payments of \$180,000 (\$25,000 received), issue a total of 850,000 common shares (150,000 common shares received) to the Company, and incur exploration expenditures of \$1,000,000 over three years. A further 15% can be earned after completion of a bankable feasibility report. This agreement was terminated during the year ended February 28, 2015.

During the year ended February 28, 2017, the Company signed an amended option agreement with the vendors, whereby both parties agreed to extend the fourth anniversary option payment originally due on October 12, 2015 to June 12, 2017. As part of this agreement, the Company agreed to issue an additional 100,000 common shares fair valued at \$10,000 to the vendors.

#### b) Keymet Property, New Brunswick, Canada

During the year ended February 28, 2012, the Company completed an option agreement whereby the Company was granted an option to acquire a 100% interest in the Keymet Property, located northwest of Bathurst, New Brunswick. In consideration of the acquisition, the Company agreed to pay the vendor \$50,000 cash (\$30,000 paid) and to issue 250,000 shares (all issued) over four years. The property is subject to a 2% NSR with the Company retaining the right to purchase one half of it for \$500,000.

During the year ended February 28, 2012, the Company entered into a formal agreement with Elm Tree Minerals Inc. ("Elm Tree") whereby Great Atlantic granted Elm Tree an option to acquire up to 80% of the property. To earn a 70% undivided interest in the Property, Elm Tree was required, in stages over three years, to pay \$250,000 in cash (\$25,000 received), and issue 2,750,000 shares to Great Atlantic and incur \$2,000,000 in expenditures on exploration and evaluation of the property. To earn an additional 10% interest, for a total 80% undivided interest in the property, Elm Tree was required to complete a bankable feasibility study, or equivalent, for obtaining production financing for the property. The Company terminated its agreement with Elm Tree during the year ended February 28, 2013 due to non-compliance with the option agreement.

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2017

(Expressed in Canadian Dollar)

(Unaudited)

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### NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

#### c) **MacDougal Road, New Brunswick, Canada**

During the year ended February 28, 2013, the Company entered into an option agreement whereby the Company was granted an option to acquire a 100% interest in the Antimony Property located in Western New Brunswick. In consideration of the acquisition, the Company agreed to pay the vendor \$30,000 cash (unpaid) and to issue 150,000 shares (all issued) over two years.

#### d) **South Quarry, Newfoundland, Canada**

During the year ended February 28, 2013, the Company entered into an option agreement whereby the Company was granted an option to acquire a 100% interest in the South Quarry tungsten Property. In consideration of the acquisition, the Company agreed to pay the vendor \$135,000 cash (\$85,000 paid) and to issue 850,000 shares (all issued) over four years.

#### e) **Golden Promise Property, Newfoundland, Canada**

On July 05, 2016, the Company entered into an option agreement whereby the Company was granted an option to acquire a 100% interest in the Golden Promise Property in Newfoundland and Labrador. The property encompasses 60 stake lode claims located near the Town of Badger. In consideration, the Company agreed to pay the vendor \$35,000 within three business days upon signing of the agreement (paid) and to issue a number of common shares equal to \$50,000 (833,333 common shares issued) upon regulatory approval (issued). The Company will also make payments to the vendors totalling \$485,000 cash (\$65,000 paid) and to issue a number of common shares equal to a total of \$450,000 (285,715 common shares issued with a fair value of \$50,000) over the next four years. In addition, the Company is required to spend a minimum of \$500,000 in expenditures on the property by July 05, 2020. Upon completion of the minimum work commitments and payments above, the Company will earn a 100% undivided ownership interest in the property.

There is a 2% to 2.5% net smelter royalty payable to the property owner with the Company retaining the right to purchase one percent for \$1,000,000. The Company will pay the property owner annual royalty advance of CAD \$20,000 commencing on the 7<sup>th</sup> anniversary and each subsequent year. All royalty payments contributed will be credited towards the royalty due to the property owner.

The Company also agreed to issue 250,000 common shares as finders' fee; 170,000 common shares with a fair value of \$10,200 has been issued in fiscal year 2017.

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2017

(Expressed in Canadian Dollar)

(Unaudited)

### NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

#### f) Pilley's Mine Property, Southern Golden Promise Property and Point Leamington Property - Newfoundland and Labrador.

On May 3, 2017, the Company entered into an option agreement with Unity Resources Inc. (“Unity”) under which the Company may acquire from Unity 100% of mining claims comprising the Pilley's Mine Project, the Southern Golden Promise Project and the Point Leamington Project, which are located in central Newfoundland. Under terms of the Agreement, the Company may acquire 100% of the Property by making certain staged cash and share payments of common shares in Great Atlantic to Unity over a five year period equal to a total of \$80,000 in cash and/or share payments, in addition to an initial issuance of 1,000,000 common shares of the Company within ten days of TSX Venture Exchange (“TSXV”) approval of the Agreement as follows:

	Cash /or Common Shares	Number of Common Shares
10 days of TSX Approval - June 5, 2017 (Issued)	-	1,000,000
On or before June 5, 2018	\$ 10,000	To be determined
On or before June 5, 2019	\$ 10,000	To be determined
On or before June 5, 2020	\$ 10,000	To be determined
On or before June 5, 2021	-	-
On or before June 5, 2022	\$ 50,000	To be determined
	<u>\$ 80,000</u>	<u>1,000,000</u>

Under terms of the Agreement for each year's payment, the Company will make the decision as to pay Unity either cash and/or equivalent value common shares calculated based on the 10-day volume weighted average price of the Company's common shares, subject to a minimum price of \$0.05 per common share.

Unity will retain a 3% net smelter return royalty (the “NSR Royalty”), payable on the commencement of commercial production, which the Company may buy down a maximum of 2% of the NSR Royalty from Unity at any time by payment to Unity of \$500,000 for each 1%, leaving Unity with a minimum of 1% remaining NSR Royalty.

### NOTE 6 – SHARE CAPITAL

#### a) Authorized Share Capital

Unlimited number of common shares without par value.

#### b) Issued and Outstanding Share Capital

As at August 31, 2017, there were 33,238,854 common shares issued and outstanding. As disclosed in the Consolidated Statements of Changes in Shareholders' Equity.

(i) The following share issuances occurred during the period ended August 31, 2016:

- In April 2016, the Company issued 200,000 common shares pursuant to an option agreement for the South Quarry Property. The fair value recognized of \$10,000 was based on the closing quoted market price.

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2017

(Expressed in Canadian Dollar)

(Unaudited)

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### NOTE 6 – SHARE CAPITAL (Continued)

#### b) Issued and Outstanding Share Capital (Continued)

- (i) The following share issuances occurred during the period ended August 31, 2016 (continued):
- In July 26, 2016, the Company issued 833,333 common shares to an option agreement of Golden Promise Property. The fair value recognized of \$50,000. First tranche of finders' fee of 170,000 where issued with a fair value recognized of \$10,200.
  - In August 4, 2016, the Company issued 700,000 common shares upon exercise of share purchase warrant. Cash proceed received totalled \$35,000.00
  - In August 17, 2016, the Company completed a private placement, raising gross proceeds of \$100,000 by issuing 2,000,000 common shares at \$0.0 per unit. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at \$0.065 per share for a period of 5 years.
- (ii) The following share issuances occurred during the period ended August 31, 2017:
- In May 2017, the Company closed a non-brokered private placement of 2,000,000 units at a price of \$0.08 per unit for gross proceeds of \$160,000. Each unit consists of one common share and one share purchase warrant. One share purchase warrant entitles the holder to purchase one additional common share of the Company at \$0.10 per share for a period of five years expiring May 19, 2022
  - In June 2017, the Company closed a non-brokered private placement of 10,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share and one share purchase warrant. One share purchase warrant entitles the holder to purchase one additional common share of the Company at \$0.10 per share for a period of five years expiring June 12, 2022, June 14, 2022 and June 26, 2022. Finders' fees of \$39,250 were paid and 392,500 agent's warrants with a fair value of \$48,878 were granted.
  - In May 2017, the Company issued 250,000 common shares pursuant to an option agreement for the South Quarry Property. The fair value recognized of \$22,500 was based on the closing quoted market price.
  - In May 2017, the Company issued 250,000 common shares pursuant to an option agreement for the South Quarry Property. The fair value recognized of \$22,500 was based on the closing quoted market price.
  - In June 2017, the Company issued 1,000,000 common shares pursuant to an option agreement for the Pilley's Mine Property. The fair value recognized of \$100,000 was based on the closing quoted market price.
  - In July 2017, the Company issued 285,715 common shares pursuant to an option agreement for the Golden Promise Property. The fair value recognized of \$50,000 was based on the closing quoted market price.
  - In July 2017, the Company issued 133,334 common shares pursuant to an option agreement for the Porcupine Property. The fair value recognized of \$20,000 was based on the closing quoted market price.

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2017

(Expressed in Canadian Dollar)

(Unaudited)

### NOTE 6 – SHARE CAPITAL (Continued)

#### (b) Issued and Outstanding Share Capital (Continued)

- (ii) The following share issuances occurred during the period ended August 31, 2017 (continued):
- During the period, the Company issued 724,000 common shares upon the exercise of share purchase warrants. Cash proceeds received totaled \$65,260.
  - During the period, the Company issued 100,000 common shares upon the exercise of stock options. Cash proceeds received totaled \$5,000.

#### c) Stock Options

The Company has a stock option plan under which it is authorized to grant options to directors, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years. Vesting terms are determined by the board of directors at the time of grant.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Stock Options	Weighted Average Exercise Price \$
<b>Balance, February 28, 2017</b>	1,500,000	0.08
Granted	700,000	0.10
Exercised	(140,000)	0.15
<b>Balance, August 31, 2017</b>	<b>2,060,000</b>	<b>0.11</b>

The following stock options were outstanding as at August 31, 2017:

Expiry Date	Number of Stock Option	Exercise Price \$	Number of Stock Options Exercisable
May 4, 2020	160,000	0.10	160,000
June 5, 2021	800,000	0.05	800,000
October 25, 2021	400,000	0.15	268,000
May 26, 2022	700,000	0.15	700,000
	<b>2,060,000</b>		<b>1,928,000</b>

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2017

(Expressed in Canadian Dollar)

(Unaudited)

### NOTE 6 – SHARE CAPITAL (Continued)

#### d) Share-Based Payments

Stock-based compensation costs have been determined based on the fair value of the stock options and finders' warrant at the grant date using the Black-Scholes option-pricing model.

During the period ended August 31, 2017, the Company granted total of 700,000 (2016 – Nil) stock options. Stock-based compensation expense using the Black-Scholes option pricing model was \$63,358 (2016 – \$Nil). The weighted average fair value of the stock options granted was \$0.09 (2016 – \$Nil) per option.

The following assumptions were used for the Black-Scholes valuation of stock options granted:

	2017	2016
Risk-free interest rate	1.79%	-
Expected life of stock options	5 years	-
Annualized volatility	107%	-
Dividend rate	0.00%	-

#### e) Share Purchase Warrants

	Number of Warrants	Weighted Average Exercise Price \$
<b>Balance, February 28, 2017</b>	7,485,000	0.120
Issued	2,000,000	0.100
Issued	10,000,000	0.125
Exercised	(724,000)	0.100
<b>Balance, August 31, 2017</b>	<b>18,761,000</b>	<b>0.120</b>

The following share purchase warrants were outstanding as at August 31, 2017:

	Number of Warrants	Exercise Price \$
December 30, 2018	110,000	1.000
August 22, 2019	1,000,000	0.200
June 05, 2020	925,000	0.100
June 29, 2020	900,000	0.100
July 06, 2020	1,130,000	0.100
November 18, 2017	250,000	0.050
December 17, 2017	150,000	0.050
August 18, 2021	1,796,000	0.065
December 22, 2021	500,000	0.150
May 19, 2022	2,000,000	0.100
June 12, 2022	4,350,000	0.125
June 14, 2022	2,325,000	0.125
June 26, 2022	3,325,000	0.125
	<b>18,761,000</b>	

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2017

(Expressed in Canadian Dollar)

(Unaudited)

### NOTE 6 – SHARE CAPITAL (Continued)

#### f) Finders' Warrants

	Number of Warrants	Weighted Average Exercise Price \$
<b>Balance, February 28, 2017</b>	152,400	0.100
Issued	392,500	0.125
<b>Balance, August 31, 2017</b>	<b>544,900</b>	<b>0.120</b>

The following finders' warrants were outstanding at May 31, 2017:

	Number of Warrants	Exercise Price \$
June 05, 2020	53,200	0.100
June 29, 2020	19,200	0.100
July 06, 2020	80,000	0.100
May 19, 2022	185,000	0.125
June 12, 2022	7,500	0.125
June 14, 2022	125,000	0.125
June 26, 2022	75,000	0.125
	<b>544,900</b>	

### NOTE 7 – RELATED PARTY TRANSACTIONS

Key management includes directors (executive and non-executive) and senior management, including Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations. The amounts due to related parties are non-interest bearing, unsecured, and have no fixed terms of repayment, unless otherwise disclosed.

As at February 28, 2017 and August 31, 2017, the Company has the following amounts owed to related parties. The balances owing are non-interest bearing, unsecured, and have no specified terms of repayment.

	August 31, 2017 \$	February 28, 2017 \$
Due to a director	11,870	23,055
Due to a company controlled by an officer for management services	-	232,762
	<b>11,870</b>	<b>255,817</b>

**Great Atlantic Resources Corp.**  
**Notes to the Consolidated Financial Statements**  
For the Six Months Ended August 31, 2017  
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**NOTE 7 – RELATED PARTY TRANSACTIONS (Continued)**

The Company had the following transactions with related parties:

- a) Management fees totalling \$85,000 (2016 – \$60,000) were paid or accrued to a director and an officer of the Company during the period ended August 31, 2017 (Note 8).
- b) Remuneration attributed to key management personnel and directors included stock-based compensation of \$32,584 (2016 – \$Nil).
- c) During the period ended August 31, 2017, the Company received loans totaling \$29,194 (2016 – \$11,258) from a director of the Company. These loans are non-interest bearing, unsecured, and have no specified terms of repayment. As at August 31, 2017, loans payable, including accrued interest, totaled \$Nil (February 28, 2017 – \$7,376).
- d) Rent and office reimbursements of \$Nil (2016 – \$18,000) were received or accrued from companies under common control for use of a shared office space. As at August 31, 2017, \$40,200 (2016 - \$40,200) was receivable from these companies.

**NOTE 8 – COMMITMENTS**

- a) On August 31, 2013, the Company entered into a three-year agreement with an officer and a director for management services for monthly fees of \$10,000 plus reimbursement of all traveling and direct expenses. The agreement was renewed for an additional term of three years in August 2016.
- b) The Company entered into an office space lease from August 21, 2012 to December 31, 2017 at \$5,802 per month. The term of the lease will be extended for another five years, commencing January 01, 2018 and expiring December 31, 2022 at \$6,252 per month.

**NOTE 9 – SUPPLEMENTAL CASH FLOW INFORMATION**

**Significant Non-Cash Financing Activities**

	2017	2016
	\$	\$
Shares Issued for Exploration and Evaluation Assets	192,500	10,000
	<u>192,500</u>	<u>10,000</u>

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2017

(Expressed in Canadian Dollar)

(Unaudited)

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### NOTE 10 – CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration, and development of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages its share capital as capital, which as at August 31, 2017 was \$33,238,854 (2016 – \$13,392,472). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended August 31, 2017.

### NOTE 11 – FINANCIAL INSTRUMENTS

The fair value of the Company's loans payable amounts, due from/to related parties, and accounts payable and accrued liabilities, approximate their carrying value, which is the amount recorded on the statements of financial position. The Company's other financial instruments, cash and marketable securities under the fair value hierarchy are recorded at fair value based on level one quoted prices in active markets for identical assets or liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### a) Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is not significant.

#### b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2017, the Company has a working capital deficiency of \$101,845. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company will be required to fund these liabilities through the issuance of capital stock and loans from related parties over the coming year.

#### c) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Loans payable accrue interest at 10%, and/or are non-interest bearing. Based on forecast interest rate movements and due to the short-term nature of these financial instruments, fluctuations in market rates are not expected to have a significant impact on estimated fair values.

#### d) Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in U.S. Dollars. The Company's financial instruments denoted in U.S. Dollars are insignificant and any fluctuation in foreign currency exchange rates would have an insignificant impact on net loss for the year.

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2017  
(Expressed in Canadian Dollar)  
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### NOTE 11 – FINANCIAL INSTRUMENTS (Continued)

#### e) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

### NOTE 12 – SUBSEQUENT EVENTS

#### Mineral Property Option Agreement

In August 2017, the Company signed an option agreement with Fort St James Nickel Corp. ("FTJ") to acquire Porcupine Property located in the province of New Brunswick. Under the terms of the option agreement, Fort St. James is required to make the following payments to earn a 100% interest in the property:

- Pay \$15,000 in cash and issue 500,000 common shares (paid and issued) within five days by October 6, 2017 (the "Approval Date");
- Pay \$20,000 in cash and issue \$75,000 in common shares on or before the first anniversary on or before October 6, 2018;
- Pay \$20,000 in cash and issue \$75,000 in common shares on or before the second anniversary on or before October 6, 2019;
- Pay \$20,000 in cash and issue \$75,000 in common shares on or before the third anniversary on or before October 6, 2020; and
- Pay \$75,000 in cash and issue \$200,000 in common shares on or before the fourth anniversary on or before October 6, 2021.

The Company is also required to spend \$1,000,000 in exploration expenditures on the property over a four year period with a minimum of \$150,000 each year.

#### Private Placement

On October 16, 2017, the Company closed a non-brokered private placement of 3,449,221 million flow through units at a price of \$0.18 cents per unit for gross proceeds of \$620,800. Each Flow-Through Unit consists of one common share that qualifies as a "flow-through share" as defined in subsection 66(15) of the Income Tax Act and one (non) transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase, for a period of 60 months from the date of issue, one additional non-flow-through common share of the Issuer at an exercise price of Cdn\$0.22 per share. The term of the warrants may be accelerated in the event that the issuer's shares trade at or above a price of \$0.35 cents per share for a period of 10 consecutive days.