



For the Six Months Ended August 31, 2018

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
INTERIM FINANCIAL STATEMENTS**

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada 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, 2018 \$	February 28, 2018 \$
ASSETS			
CURRENT			
Cash		775	4,161
Rent Receivable		18,900	-
GST Recoverable		53,064	36,518
Due from Related Parties	8	42,738	49,939
Marketable Securities	6	212,078	233,911
		<u>327,555</u>	<u>324,529</u>
NON-CURRENT			
Property and Equipment	4	92,812	-
		<u>420,367</u>	<u>324,529</u>
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liabilities		<u>509,682</u>	<u>456,899</u>
		<u>509,682</u>	<u>456,899</u>
SHAREHOLDERS' DEFICIENCY			
Share Capital	7	15,497,076	14,767,321
Share-Based Payment Reserve		348,344	231,798
Deficit		<u>(15,934,735)</u>	<u>(15,131,489)</u>
		<u>(89,315)</u>	<u>(132,370)</u>
		<u>420,367</u>	<u>324,529</u>

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

Exploration and Evaluation Assets (Note 5)

Subsequent Events (Note 13)

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 \$	Shared-Based Payment Reserve \$	Deficit \$	Total Shareholders' Equity \$
Balance, February 28, 2017		18,745,805	12,869,543	74,278	(13,781,978)	(838,157)
Shares Issued for Cash	7(b)(a,c)	12,000,000	1,160,000	-	-	1,160,000
Shares Issued for Exploration and Evaluation Assets	7(b)(b,d,e,f)	1,669,049	192,500	-	-	192,500
Exercise of Share Purchase Warrants	7(b)(g)	724,000	65,260	-	-	65,260
Exercise of Stock Options	7(b)(h)	100,000	5,000	-	-	5,000
Share Issuance Costs		-	(98,177)	-	-	(98,177)
Fair Value of Stock Options Exercised		-	-	4,030	(4,030)	-
Fair Value of Agents' Warrants Issued		-	-	48,878	-	48,878
Share-Based Compensation	7(d)	-	-	71,130	-	71,130
Net Comprehensive Loss		-	-	-	(708,279)	(708,279)
Balance, August 31, 2017		33,238,854	14,194,126	198,316	(14,494,287)	(101,845)
Balance, February 28, 2018		37,518,875	14,767,321	231,798	(15,131,489)	(132,370)
Shares Issued for Cash	7(b)(l,m)	11,400,000	570,000	-	-	570,000
Shares Issued for Exploration and Evaluation Assets	7(b)(i,j,k)	1,884,667	159,000	-	-	159,000
Exercise of Share Purchase Warrants	7(b)(n)	200,000	13,000	-	-	13,000
Share Issuance Costs		-	(12,245)	-	-	(12,245)
Share-Based Payment	7(d)	-	-	116,546	-	116,546
Net Comprehensive Loss		-	-	-	(803,246)	(803,246)
Balance, August 31, 2018		51,003,542	15,497,076	348,344	(15,934,735)	(89,315)

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)

	Note	Three Months Ended		Six Months Ended	
		August 31,		August 31,	
		2018	2017	2018	2017
		\$	\$	\$	\$
EXPENSES					
Accounting, Audit and Legal		12,715	8,391	20,652	11,391
Advertising, Marketing and Investor Relations		38,566	66,875	75,640	66,875
Bank Charges and Interest		611	252	653	335
Consulting		750	61,500	750	64,000
Depreciation	4	6,188	-	6,188	-
Exploration	5	299,478	258,947	461,975	336,957
Insurance		7,002	-	7,002	-
Management		55,000	55,000	85,000	85,000
Office and Administration		25,821	32,836	50,086	50,003
Regulatory Fees and Transfer Agent		4,697	14,344	6,109	17,743
Rent and Utilities		20,650	18,771	39,749	37,545
Stock-Based Compensation		-	7,772	116,546	71,130
Travel and Accommodations		1,995	2,724	2,745	10,943
Rent and Office Recovery		(18,000)	(18,000)	(36,000)	(36,000)
LOSS BEFORE OTHER ITEMS		(455,473)	(509,412)	(837,095)	(715,922)
BC Mining Exploration Tax Credit		16,000	-	51,134	-
Gain on Debt Forgiveness		-	-	-	6,787
Loss on Sale of Marketable Securities		2,959	-	2,959	-
Write-Up (Down) on Marketable Securities to Market	6	40,000	856	(20,244)	856
NET COMPREHENSIVE LOSS FOR THE PERIOD		(396,514)	(508,556)	(803,246)	(708,278)
POST-SHARE CONSOLIDATION					
Basic and Diluted Loss per Share		(0.01)	(0.02)	(0.02)	(0.03)
Weighted average number of common shares outstanding					
		42,057,890	28,688,985	40,364,252	21,913,387

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 August 31,		Six Months Ended August 31,	
	2018 \$	2017 \$	2018 \$	2017 \$
CASH PROVIDED FROM (UTILIZED FOR):				
OPERATING ACTIVITIES				
Net Loss for the Period	(396,514)	(508,556)	(803,246)	(708,279)
Non-Cash Items				
Depreciation	6,188	-	6,188	-
Stock-Based Compensation	-	7,772	116,546	71,130
Shares Issued for Exploration and Evaluation Assets	50,000	-	159,000	-
Loss on Sale of Marketable Securities	-	-	-	-
Unrealized Loss (Gain) on Marketable Securities	(40,000)	(855)	20,244	(855)
Gain on Sale of Marketable Securities	(2,959)	-	(2,959)	-
Gain on Debt Forgiveness	-	-	-	6,787
	(383,285)	(501,639)	(504,227)	(631,217)
Change in Non-Cash Working Capital Accounts				
GST/HST Recoverable	(9,769)	4,145	(16,546)	6,896
Rent Receivable	(12,500)	-	(18,900)	-
Accounts Payables and Accrued Liabilities	(33,663)	(508,284)	52,783	(472,864)
Due to/from Related Parties	(25,470)	(171,236)	(7,201)	(243,947)
	(464,687)	(1,177,014)	(479,689)	(1,341,132)
INVESTING ACTIVITIES				
Purchase of Exploration Equipment	(99,000)	-	(99,000)	-
Proceeds from Sales of Marketable Securities	4,548	-	4,548	-
	(94,452)	-	(94,452)	-
FINANCING ACTIVITIES				
Proceeds from Issuance of Shares	558,750	1,185,701	558,750	1,373,461
Proceeds for the Exercise of Warrants	-	-	12,005	-
Repayment of Loans	-	(9,376)	-	(7,376)
	558,750	1,176,325	570,755	1,366,085
INCREASE (DECREASE) IN CASH	(389)	(689)	(3,386)	24,953
Cash, Beginning of the Period	1,164	28,752	4,161	3,110
CASH, END OF THE PERIOD	775	28,063	775	28,063

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

Great Atlantic Resources Corp.

Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2018
(Expressed in Canadian Dollar)
(Unaudited)

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 \$15,934,735 and a working capital deficit of \$182,127 as at August 31, 2018; 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 Consolidated Financial Statements
For the Six Months Ended August 31, 2018
(Expressed in Canadian Dollar)
(Unaudited)

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 XX, 2018.

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, 2018. 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 August 31, 2018. 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 – PROPERTY AND EQUIPMENT

	Mining Equipment \$	Total \$
COST		
Balance, February 28, 2018	-	-
Additions	99,000	99,000
Balance, August 31, 2018	99,000	99,000

Great Atlantic Resources Corp.
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(Expressed in Canadian Dollar)
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ACCUMULATED DEPRECIATION

Balance, February 28, 2018	-	-
Depreciation	6,188	6,188
Balance, August 31, 2018	6,188	6,188

NET BOOK VALUE

Balance, February 28, 2018	-	-
Balance, August 31, 2018	92,812	92,812

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 \$	Pilley's Island \$	Golden Promise \$	Mitchell Brook \$
Balance, February 28, 2017	304,111	417,749	442,587	134,278	-	114,655	20,615
Acquisition Costs	-	-	-	-	100,000	115,000	-
Sale Proceeds	(122,500)	-	-	-	-	-	-
Exploration Costs	11,020	92,700	182,295	7,475	163,690	236,972	-
Balance, February 28, 2018	192,631	510,449	624,882	141,753	263,690	466,627	20,615
Acquisition Costs	-	-	20,000	-	-	175,000	-
Exploration Costs	-	14,903	54,731	-	35,429	162,756	-
Balance, August 31, 2018	192,631	525,352	699,613	141,753	299,119	804,383	20,615

	Kagoot Brook \$	Mascarene \$	Mount Raymond \$	General Exploration \$	Properties Terminated Prior to February 28, 2016 \$	Total \$
Balance, February 28, 2017	-	-	-	366,641	2,297,125	4,097,761
Acquisition Costs	30,000	-	-	-	-	245,000
Sale Proceeds	-	-	-	-	-	(122,500)
Exploration Costs	9,300	4,175	9,097	216	-	716,940
Balance, February 28, 2018	39,300	4,175	9,097	366,857	2,297,125	4,937,201
Acquisition Costs	-	15,000	-	-	-	210,000
Sale Proceeds	(25,000)	-	-	-	-	(25,000)
Exploration Costs	979	5,806	-	2,370	-	276,975
Balance, August 31, 2018	15,279	24,981	9,097	369,227	2,297,125	5,399,176

Great Atlantic Resources Corp.

Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2018
(Expressed in Canadian Dollar)
(Unaudited)

NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

Acquisition and exploration costs incurred for six months ended August 31, 2018 totaled \$461,975 (2017 – \$336,957).

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.

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 (paid). Upon completion of the minimum work commitments and payments above, the Company earned 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.

During the year ended February 28, 2018, the Company entered into an option agreement with Fort St James Nickel Corp. (“FTJ”) to sell the Porcupine Property. Under the terms of the option agreement, FTJ is required to make the following payments to earn a 100% interest in the property: (i) a payment of \$15,000 cash (received) and 500,000 common shares valued at \$107,500 at the time of grant within five days of the approval date (received); (ii) a cash payment of \$20,000 and \$75,000 in common shares on or before the first anniversary of the approval date; (iii) a cash payment of \$20,000 and \$75,000 in common shares on or before the second anniversary of the approval date; (iv) a cash payment of \$20,000 and \$75,000 in common shares on or before the third anniversary of the approval date; and (v) a cash payment of \$75,000 and \$200,000 in common shares on or before the fourth anniversary of the approval date. FTJ 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.

b) South Quarry Property, 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 in cash (paid) and issue 850,000 shares (issued) over four years.

Great Atlantic Resources Corp.

Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2018
(Expressed in Canadian Dollar)
(Unaudited)

NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

c) 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 (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. The final payment of \$20,000 was paid on March 15, 2018.

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.

d) MacDougal Road Property, 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 (issued) over two years.

e) Golden Promise Property, Newfoundland, Canada

During the year ended February 28, 2017, 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 in cash within three business days upon signing of the agreement (paid) and to issue 833,333 common shares valued at \$50,000 upon regulatory approval (issued). The Company will also make payments to the vendors totalling \$485,000 cash (\$65,000 paid in 2018) and issue \$450,000 in shares (\$50,000 issued in 2018) over the next four years. In July 2018, the Company paid \$125,000 and in August 2018 issued \$50,000 equivalent shares. 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 \$20,000 commencing on the 7th 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 fair valued at \$15,000 as finders' fee; 170,000 common shares with a fair value of \$10,200 was issued in the year ended February 28, 2017.

f) Mitchell Brook Property, Nova Scotia, Canada

During the year ended February 28, 2017, the Company staked a Mineral Exploration License in eastern Nova Scotia approximately 120 kilometers northeast of Halifax. The License consists of 33 claims, covering an area of approximately 534 hectares, and is referred to as the Mitchell Brook Property.

Great Atlantic Resources Corp.

Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2018
(Expressed in Canadian Dollar)
(Unaudited)

NOTE 5 – EXPLORATION AND EVALUATION ASSETS (Continued)

g) Pilley's Island Property, Newfoundland, Canada

During the year ended February 28, 2018, the Company entered into an option agreement with Unity Resources Inc. (“Unity”) under which the Company may acquire 100% interest of mining claims comprising the Pilley’s Mine Project, the Southern Golden Promise Project, and the Point Leamington Project located in central Newfoundland. In consideration, the Company agreed to issue 1,000,000 shares fair valued at \$100,000 (issued)

to the vendor within ten days upon regulatory approval. The Company will also make payments to the vendors totaling \$80,000 cash payments over five years or issue shares in equivalent value.

h) Kagoot Brook Cobalt Property, New Brunswick, Canada

During the year ended February 28, 2018, the Company entered into an option agreement whereby the Company was granted an option to acquire 100% interest in the Kagoot Brook Cobalt Property located in North-Central New Brunswick. In consideration, the Company agreed to pay the vendor \$15,000 in cash (paid) and issue 150,000 shares fair valued at \$15,000 (issued) within ten days upon regulatory approval. The Company will also make payments to the vendors totaling \$125,000 cash and issue 150,000 in shares over the next four years.

There is a 2% net smelter royalty payable to the property owner with the Company retaining the right to purchase one percent for \$500,000 upon the commencement of commercial production.

On May 10, 2018, the Company entered into a letter of intent with Explorex Resources Inc. whereby Explorex will acquire a 75-per-cent interest in the Kagoot Brook cobalt project.

The Kagoot Brook property is 100 per cent owned by Great Atlantic and is subject to an underlying agreement with a prospecting syndicate. The agreement to acquire a 75-per-cent interest in the project is subject to the following terms:

- Cash payment of \$25,000 (Paid) and issuance of \$75,000 shares (Received) upon signing a definitive agreement
- Issuing \$50,000 in shares on the 12-month anniversary of the definitive agreement; the number of shares to be issued will be based on the 10-day VWAP (volume-weighted average price) immediately prior to the anniversary date
- Explorex will incur a total expenditure of \$750,000 (including all underlying payments) over a period of four years; of which \$100,000 will be a firm commitment on or before the first anniversary of the definitive agreement.

Upon earning 75 per cent of the project, the parties will enter into a joint venture. The terms will provide for a pro rata dilution such that should Great Atlantic's interest drop below 5 per cent, it will revert to a 3-per-cent net smelter return. Explorex will retain the right to buy back two percentage points at \$1-million for each 1 per cent, or portion thereof. Should Great Atlantic seek to sell any portion of the remaining NSR, Explorex will retain a first right of refusal.

i) Mascarene Property, New Brunswick, Canada

During the year ended February 28, 2018, the Company entered into an option agreement whereby the Company was granted an option to acquire a 100% interest in the Mascarene property located in New Brunswick. In consideration, the Company agreed to pay the vendor \$15,000 in cash (paid) within ten business days upon signing of the agreement. The Company will also make payments to the vendors totaling \$185,000 cash over the next five years.

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There is a 2% net smelter royalty payable to the property owner with the Company retaining the right to purchase one percent for \$1,000,000 upon the commencement of commercial production.

j) Mount Raymond Property, New Brunswick, Canada

During the year ended February 28, 2018, the Company staked a Mineral Exploration License in New Brunswick, referred to as the Mount Raymond Property.

NOTE 6– MARKETABLE SECURITIES

Marketable securities consist of a portfolio of investments held for trading. The fair value of the marketable securities has been determined directly by reference to public price quotations in an active market. These marketable securities are comprised of common shares of publicly-traded companies, and are classified as fair value through profit or loss and measured at fair value with unrealized gains and losses recognized through the consolidated statement of operations.

	August 31, 2018 \$	February 28, 2018 \$
Balance, Beginning of the Period	233,911	1,589
Add: Additions	-	107,500
Less: Securities Sold	(1,589)	-
Add: Write-up (down) shares to market	(20,244)	124,822
Balance, End of the Period	<u>212,078</u>	<u>233,911</u>

During the period ended August 31, 2018, the Company recorded a gain on the sale of marketable securities of \$2,959 (2017 – \$Nil), respectively.

NOTE 7 – SHARE CAPITAL

a) Authorized Share Capital

Unlimited number of common shares without par value.

b) Issued and Outstanding Share Capital

As at August 31, 2018, there were 51,003,542 common shares issued and outstanding.

The following share issuances occurred during the period ended August 31, 2017:

- a) In May 2017, the Company completed a private placement, raising gross proceeds of \$160,000 by issuing 2,000,000 common shares at \$0.08 per unit. 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.
- b) In May 2017, the Company issued 250,000 common shares with a fair value of \$22,500 pursuant to an option agreement on the South Quarry Property (Note 6(b)).

Great Atlantic Resources Corp.

Notes to the Consolidated Financial Statements

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(Unaudited)

NOTE 7 – SHARE CAPITAL (Continued)

- c) In June 2017, the Company completed a private placement, raising gross proceeds of \$1,000,000 by issuing 10,000,000 common shares at \$0.10 per unit. 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 \$0.125 per share for a period of five years. Finders' fees of \$49,300 in cash were paid and 392,500 agent's warrants with a fair value of \$52,658 were granted.
- d) In June 2017, the Company issued 1,000,000 common shares with a fair value of \$100,000 pursuant to an option agreement on the Pilley's Island Property (Note 6(g)).
- e) In July 2017, the Company issued 285,715 common shares with a fair value of \$50,000 pursuant to an option agreement for the Golden Promise Property (Note 6(e)).
- f) In July 2017, the Company issued 133,334 common shares with a fair value of \$20,000 pursuant to an option agreement on the Porcupine Property (Note 6(a)).
- g) During the period ended August 31, 2017, the Company issued 724,000 common shares upon the exercise of share purchase warrants. Cash proceeds received total \$65,260.
- h) During the period ended August 31, 2017, the Company issued 100,000 common shares upon the exercise of stock options. Cash proceeds received total \$5,000.

The following share issuances occurred during the period ended August 31, 2018:

- i) On February 26, 2018, the Company signed an equipment purchase agreement with an independent third party to purchase a turnkey portable Gold mining plant for 1,100,000 million shares. The shares, valued at \$99,000, were issued on March 12, 2018 upon regulatory approval.
- j) May 11, 2018, the Company issued 118,000 shares with a fair value of \$10,000 pursuant to an option agreement on the Pilley's Island Property.
- k) July 6, 2018, the Company issued 666,667 shares with a fair value of \$50,000 pursuant to an option agreement for the Golden Promise Property (Note 6(e)).
- l) July 31, 2018, the Company completed a private placement, raising gross proceeds of \$200,000 by issuing 4,000,000 common shares at \$0.05 per unit. 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 \$0.075 per share for a period of two years.
- m) August 14, 2018, the Company completed a private placement, raising gross proceeds of \$370,000 by issuing 7,400,000 common shares at \$0.05 per unit. 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 \$0.075 per share for a period of two years.
- n) During the period ended August 31, 2018, the Company issued 200,000 common shares upon the exercise of share purchase warrants. Cash proceeds received total \$13,000.

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NOTE 7 – SHARE CAPITAL (Continued, Stock Options)

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:

Expiry Date	Exercise Price	February 28, 2018	Granted	Exercised	Expired/ Cancelled	August 31, 2018
October 25, 2018	\$0.15	400,000	-	-	-	400,000
May 04, 2020	\$0.10	140,000	-	-	-	140,000
June 5, 2021	\$0.05	700,000	-	-	-	700,000
May 26, 2022	\$0.15	640,000	-	-	-	640,000
March 22, 2023	\$0.10	-	1,500,000	-	-	1,500,000
		1,880,000	1,500,000	-	-	3,380,000

As at August 31, 2018, 3,380,000 options, with a weighted average exercise price of \$0.11 per share and a weighted average remaining life of 3.39 years were outstanding.

Expiry Date	Exercise Price	February 28, 2017	Granted	Exercised	Expired/ Cancelled	August 31, 2017
October 25, 2018	\$0.15	400,000	-	-	-	400,000
May 04, 2020	\$0.10	200,000	-	(40,000)	-	160,000
June 5, 2021	\$0.05	900,000	-	(100,000)	-	800,000
May 26, 2022	\$0.15	-	700,000	-	-	700,000
		1,500,000	700,000	(140,000)	-	2,060,000

As at August 31, 2017, 2,060,000 options, with a weighted average exercise price of \$0.11 per share and a weighted average remaining life of 3.50 years were outstanding.

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, 2018, the Company granted a total of 1,500,000 (2017 – 700,000) stock options. Stock-based compensation expense using the Black-Scholes option pricing model was \$116,546 for options granted and vested in the period ended August 31, 2018 (2017 – 63,358).

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NOTE 7 – SHARE CAPITAL (Share –Based Payments)

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

	2018	2017
Risk-free interest rate	2.04%	1.79%
Expected life of stock options	5 years	5 years
Annualized volatility	133%	107%
Dividend rate	0.00%	0.00%

e) Share Purchase Warrants

As at August 31, 2018, 32,769,421 share purchase warrants, with a weighted average exercise price of \$0.12 per share were outstanding.

Expiry Date	Exercise Price	February 28, 2018	Granted	Exercised	Expired/ Cancelled	August 31, 2018
December 30, 2018	\$1.00	110,000	-	-	-	110,000
August 22, 2019	\$0.20	1,000,000	-	-	-	1,000,000
June 5, 2020	\$0.10	895,000	-	-	-	895,000
June 29, 2020	\$0.10	785,200	-	-	-	785,200
July 6, 2020	\$0.10	1,130,000	-	-	-	1,130,000
July 31, 2020	\$0.075	-	4,000,000	-	-	4,000,000
August 14, 2020	\$0.075	-	7,400,000	-	-	7,400,000
August 18, 2021	\$0.065	1,700,000	-	(200,000)	-	1,500,000
December 22, 2021	\$0.15	500,000	-	-	-	500,000
May 23, 2022	\$0.10	2,000,000	-	-	-	2,000,000
June 09, 2022	\$0.125	4,350,000	-	-	-	4,350,000
June 14, 2022	\$0.125	2,325,000	-	-	-	2,325,000
June 26, 2022	\$0.125	3,325,000	-	-	-	3,325,000
October 16, 2022	\$0.22	3,449,221	-	-	-	3,449,221
		21,569,421	11,400,000	(200,000)	-	32,769,421

Great Atlantic Resources Corp.
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NOTE 7 – SHARE CAPITAL (Continued, Share Purchase Warrants)

As at August 31, 2017, 18,761,000 share purchase warrants, with a weighted average exercise price of \$0.12 per share were outstanding.

Expiry Date	Exercise Price	February 28, 2017	Granted	Exercised	Expired/ Cancelled	August 31, 2017
November 18, 2017	\$0.05	250,000	-	-	-	250,000
December 17, 2017	\$0.05	150,000	-	-	-	150,000
December 30, 2018	\$1.00	110,000	-	-	-	110,000
August 22, 2019	\$0.20	1,000,000	-	-	-	1,000,000
June 5, 2020	\$0.10	1,165,000	-	(240,000)	-	925,000
June 29, 2020	\$0.10	1,180,000	-	(280,000)	-	900,000
July 6, 2020	\$0.10	1,130,000	-	-	-	1,130,000
August 18, 2021	\$0.065	2,000,000	-	(204,000)	-	1,796,000
December 22, 2021	\$0.15	500,000	-	-	-	500,000
May 19, 2022	\$0.10	-	2,000,000	-	-	2,000,000
June 12, 2022	\$0.125	-	4,350,000	-	-	4,350,000
June 14, 2022	\$0.125	-	2,325,000	-	-	2,325,000
June 26, 2022	\$0.125	-	3,325,000	-	-	3,325,000
		7,485,000	12,000,000	(724,000)	-	18,761,000

e) Agents' Warrants

As at August 31, 2018, 879,821 agents' warrants, with a weighted average exercise price of \$0.16 per share were outstanding.

Expiry Date	Exercise Price	February 28, 2018	Granted	Exercised	Expired/ Cancelled	August 31, 2018
June 5, 2020	\$0.10	53,200	-	-	-	53,200
June 29, 2020	\$0.10	19,200	-	-	-	19,200
July 6, 2020	\$0.10	80,000	-	-	-	80,000
June 9, 2022	\$0.125	185,000	-	-	-	185,000
June 14, 2022	\$0.125	132,500	-	-	-	132,500
June 26, 2022	\$0.125	75,000	-	-	-	75,000
October 16, 2022	\$0.22	334,921	-	-	-	334,921
		879,821	-	-	-	879,821

Great Atlantic Resources Corp.
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NOTE 7 – SHARE CAPITAL (Continued, Share Purchase Warrants)

As at August 31, 2017, 544,900 agents' warrants, with a weighted average exercise price of \$0.12 per share were outstanding.

Expiry Date	Exercise Price	February 28, 2017	Granted	Exercised	Expired/Cancelled	August 31, 2017
June 5, 2020	\$0.10	53,200	-	-	-	53,200
June 29, 2020	\$0.10	19,200	-	-	-	19,200
July 6, 2020	\$0.10	80,000	-	-	-	80,000
June 9, 2022	\$0.125	-	185,000	-	-	185,000
June 14, 2022	\$0.125	-	132,500	-	-	132,500
June 26, 2022	\$0.125	-	75,000	-	-	75,000
		152,400	392,500	-	-	544,900

NOTE 8 – 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 August 31, 2018 and 2017, the Company has the following amounts due (from) related parties. The balances owing are non-interest bearing, unsecured, and have no specified terms of repayment.

	2018	2017
	\$	\$
Due to a director	-	7,376
Due to a former director	29,314	-
Due from a company controlled by an officer for Management Services	(31,852)	-
Due from a company under common control	(40,200)	(40,200)
	(42,738)	(32,824)

The Company had the following transactions with related parties:

- Management fees totalling \$85,000 (2017 – \$85,000) were paid or accrued to a director and an officer of the Company during the period ended August 31, 2018.
- Remuneration attributed to key management personnel and directors included stock-based compensation of \$116,546 (2017 – \$71,130).
- During the period ended August 31, 2018, the Company received loans totaling \$7,500 (2017 – \$29,194) from a director of the Company. These loans are non-interest bearing, unsecured, and have no specified terms of repayment. At the close of the period \$Nil (2017 – 7,376) was owing.

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NOTE 8 – RELATED PARTY TRANSACTIONS - (Continued)

- d) Rent and office reimbursements of \$36,000 (2017 – \$36,000) were received or accrued from companies under common control for use of a shared office space. As at August 31, 2018, \$40,200 (2017 - \$40,200) was receivable from these companies.

NOTE 9 – 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.

On February 14, 2018, the Company entered into a joint venture publication agreement with Creative Classic Publications Inc., (“Creative”) whereby Creative will write and publish a book to have the Company included in the book. The Company will invest total of \$3,600 as its share for the joint venture. Profits from the sale of the book will be divided with three percent to the Company, three percent to each of the other 19 partners, and forty percent to Creative.

- c) On May 26, 2017, the Company entered into an advertising agreement with AGORA Internet Relations Corp. (“AGORA”) for internet advertisement service to be provided by AGORA from June 05, 2017 to June 05, 2018 with cost totaling \$40,000 plus GST. Payment of \$8,000 is due every three month commencing June 05, 2017.

NOTE 10 – SUPPLEMENTAL CASH FLOW INFORMATION

Significant Non-Cash Financing Activities

	2018 \$	2017 \$
Shares Issued for Exploration and Evaluation Assets	159,000	192,500
	<u>159,000</u>	<u>192,500</u>

NOTE 11 – 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 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, 2018.

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NOTE 12 – 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. 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.

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.

Great Atlantic Resources Corp.

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NOTE 13 – SUBSEQUENT EVENTS

On October 19, 2018, the Company closed a private placement for gross proceeds of \$386,400 by issuing 5,520,000 common shares at \$0.07 per unit. 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 two years

On October 23, 2018, the Company announced a grant of 1 million stock options to directors, officers, employees and consultants of the Company. The options are exercisable for five years at an exercise price of \$0.07 per option.