



For the Six Months Ended August 31, 2019

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, 2019 \$	February 28, 2019 \$
ASSETS			
CURRENT			
Cash		2,530	6,152
GST Recoverable		43,430	11,178
Government Exploration Grant Receivable		25,000	24,000
Other Receivable		28,610	64,633
Marketable Securities	5	153,409	190,938
Due from Related Parties	9	40,200	40,200
		<u>293,179</u>	<u>337,101</u>
NON-CURRENT			
Right-of-Use Lease Assets	6	<u>248,005</u>	<u>-</u>
		<u>541,184</u>	<u>337,101</u>
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liabilities		595,328	361,906
Due to Related Party	9	388,405	125,414
Lease Liabilities	6	<u>76,436</u>	<u>-</u>
		<u>1,060,169</u>	<u>487,320</u>
NON-CURRENT			
Lease Liabilities	6	<u>166,707</u>	<u>-</u>
		<u>1,226,876</u>	<u>487,320</u>
SHAREHOLDERS' DEFICIENCY			
Share Capital	8	16,084,602	15,965,452
Share-Based Payment Reserve		445,960	445,960
Deficit		<u>(17,216,254)</u>	<u>(16,561,631)</u>
		<u>(685,692)</u>	<u>(150,219)</u>
		<u>541,184</u>	<u>337,101</u>

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

Exploration and Evaluation Assets (Note 7)

Subsequent Events (Note 14)

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, 2018		3,751,887	14,767,321	231,798	(15,131,489)	(132,370)
Shares Issued for Cash	8(b)	1,140,000	570,000	-	-	570,000
Shares Issued for Exploration and Evaluation Assets	8(b)	188,467	159,000	-	-	159,000
Exercise of Share Purchase Warrants	8(b)	20,000	13,000	-	-	13,000
Share Issuance Costs		-	(12,245)	-	-	(12,245)
Share-Based Payment	8(d)	-	-	116,546	-	116,546
Net Comprehensive Loss		-	-	-	(803,246)	(803,246)
Balance, August 31, 2018		5,100,354	15,497,076	348,344	(15,934,735)	(89,315)
Balance, February 28, 2019		5,833,411	15,965,452	445,960	(16,561,631)	(150,219)
Shares Issued for Cash	8(b)	-	-	-	-	-
Shares Issued for Exploration and Evaluation Assets	8(b)	318,000	119,800	-	-	119,800
Exercise of Share Purchase Warrants	8(b)	-	-	-	-	-
Share Issuance Costs		-	(650)	-	-	(650)
Share-Based Payment	8(d)	-	-	-	-	-
Net Comprehensive Loss		-	-	-	(654,623)	(654,623)
Balance, August 31, 2019		6,151,411	16,084,602	445,960	(17,216,254)	(685,692)

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

On June 27, 2019, the Company consolidated the issued share capital on the basis of ten (10) old common shares for one (1) new common share (the "Consolidation ratio"). Outstanding stock options, agent's options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

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,	
		2019	2018	2018	2018
		\$	\$	\$	\$
EXPENSES					
Accounting, Audit and Legal		6,297	12,715	10,797	20,652
Advertising, Marketing and Investor Relations		6,221	38,566	11,065	75,640
Bank Charges and Interest		121	611	151	653
Consulting		-	750	-	750
Depreciation	6	17,389	6,188	34,778	6,188
Exploration	7	355,826	299,478	458,183	461,975
Insurance		-	7,002	9,800	7,002
Interest on Leased Assets	6	1,317	-	2,392	-
Management		45,000	55,000	90,000	85,000
Office and Administration		20,148	25,821	39,592	50,086
Regulatory Fees and Transfer Agent		10,283	4,697	11,172	6,109
Rent and Utilities		-	20,650	-	39,749
Stock-Based Compensation	8(d)	-	-	-	116,546
Travel and Accommodations		750	1,995	2,374	2,745
Rent and Office Recovery		(19,500)	(18,000)	(39,000)	(36,000)
LOSS BEFORE OTHER ITEMS		(443,852)	(455,473)	(631,304)	(837,095)
BC Mining Exploration Tax Credit		-	16,000	-	51,134
Grant Funding		10,000	-	63,686	-
Loss on Sale of Marketable Securities		-	2,959	-	2,959
Write-Up (Down) on Marketable Securities to Market	6	(20,911)	40,000	(87,005)	(20,244)
NET COMPREHENSIVE LOSS FOR THE PERIOD		(454,763)	(396,514)	(654,623)	(803,246)
POST-SHARE CONSOLIDATION					
Basic and Diluted Loss per Share		(0.08)	(0.09)	(0.11)	(0.20)
Weighted average number of common shares outstanding					
		6,054,172	4,205,789	5,943,791	4,036,425

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,	
	2019	2018	2019	2018
	\$	\$	\$	\$
CASH PROVIDED FROM (UTILIZED FOR):				
OPERATING ACTIVITIES				
Net Loss for the Period	(454,763)	(396,514)	(654,623)	(803,246)
Non-Cash Items				
Depreciation	17,389	6,188	34,778	6,188
Stock-Based Compensation	-	-	-	116,546
Shares Issued for Exploration and Evaluation Assets	89,800	50,000	119,150	159,000
Marketable Securities Received for Exploration and Evaluation Assets	(49,476)	-	(49,476)	-
Write-down (Up) of Marketable Securities to Market	20,911	(40,000)	87,005	20,244
Gain on Sale of Marketable Securities	-	(2,959)	-	(2,959)
	(376,139)	(383,285)	(463,166)	(504,227)
Change in Non-Cash Working Capital Accounts				
GST/HST Recoverable	(17,238)	(9,769)	(32,252)	(16,546)
Government Exploration Grant Receivable	-	-	(1,000)	-
Other Receivable	9,068	(12,500)	36,023	(18,900)
Accounts Payables and Accrued Liabilities	164,680	(33,663)	233,424	52,783
Due to/from Related Parties	239,176	(25,470)	262,990	7,201
	19,547	(464,687)	36,019	(479,689)
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 Net of Costs	-	558,750	-	558,750
Proceeds for the Exercise of Warrants	-	-	-	12,005
Repayment of Lease Liabilities	(19,699)	-	(39,640)	-
	(19,699)	558,750	(39,640)	570,755
INCREASE (DECREASE) IN CASH	(152)	(389)	(3,621)	(3,386)
Cash, Beginning of the Period	2,683	1,164	6,152	4,161
CASH, END OF THE PERIOD	2,531	775	2,531	775

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, 2019
(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 \$17,216,254 and a working capital deficit of \$766,990 as at August 31, 2019; 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, 2019
(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 28, 2019.

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, 2019. The accounting policies, methods of computation and presentation applied in these financial statements are consistent with those of the previous financial year.

c) Change in Significant Accounting Policy – IFRS 16, Leases (“IFRS 16”)

The Company adopted IFRS 16 effective March 1, 2019, using the modified retrospective approach and therefore comparative information of the previous reporting periods have not been restated and continues to be reported under IAS 17, Leases as permitted under the specific transitional provisions in the standard.

IFRS 16 introduces a single, on-balance sheet accounting model for leases. As a result, the Company, as a lease, has recognized right-of-use assets (‘ROU Assets’), representing its rights to use the underlying assets, and lease liabilities, representing its obligation to make lease payments.

At inception of the contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration. The Company has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less, and leases of low-value assets. For these leases, the Company recognizes the lease payments as an expense in loss (income) on a straight-line basis over the term of the lease.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date.

The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease, or if the rate cannot be readily determined, using the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payment, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise the option;

Great Atlantic Resources Corp.

Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2019
(Expressed in Canadian Dollar)
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NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measure by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made;
- remeasuring the carrying amount to reflect any reassessment or lease modification

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The ROU Asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company;
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is locate or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The ROU Asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term using either the straight-line or units-of-production method depending on which method more accurately reflects the expected pattern of consumption of the future economic benefit.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at March 1, 2019. ROU Assets were measured at the amount equal to the lease liability, adjusted by the amount for any prepaid or accrued lease payment of which there were none.

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, 2019. 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.

NOTE 4 – OTHER RECEIVABLE

Included in other receivable, are amounts due from a company for shared use of the office space. As at August 31, 2019, \$28,610 (February 28, 2019 - \$63,000) was receivable from the company

Great Atlantic Resources Corp.
Notes to the Consolidated Financial Statements
For the Six Months Ended August 31, 2019
(Expressed in Canadian Dollar)
(Unaudited)

NOTE 5– MARKETABLE SECURITIES

	August 31, 2019 \$	February 28, 2019 \$
Balance, Beginning of the Period	190,938	233,911
Market Securities Received Pursuant to Porcupine Option Agreement (Note 7(g))	49,476	43,360
Marketable Securities Sold (at Cost)	-	(1,589)
Write-up (down) shares to market	(87,005)	(84,744)
Balance, End of the Period	153,409	190,938

NOTE 6 – RIGHT-OF-USE ASSETS

For the period ended August 31, 2019, the Company adopted IFRS 16 Leases retrospectively from March 1, 2019 but has not restated comparative for the previous reporting period as permitted under specific transitional provisions in the standard.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as ‘operating lease under the principles of IAS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the leases’ incremental borrowing rate as of March 1, 2019. The lessee’s incremental borrowing rate applied to the lease liabilities on March 1, 2019 was set at 5%. (Note 2 (c))

The recognized Right-of-Use Assets:

	Computer \$	Mining Equipment \$	Office \$	Total \$
Balance, February 28, 2019	-	-	-	-
Add: Right-of-Use Assets	-	-	282,783	282,783
Less: Depreciation of Right-of-Use Assets	-	-	(34,778)	(34,778)
Balance, August 31, 2019	-	-	248,005	248,005

	August 31, 2019 \$
Lease Liabilities:	
Balance, Beginning of the Period	-
Operating leases as at March 1, 2019	282,783
Lease Payment	(39,640)
Balance, August 31, 2019	243,143

Interest expense was recognized as part of the new standard. For the period ended August 31, 2019 \$2,392 was recorded as interest expense on lease liabilities.

Great Atlantic Resources Corp.
Notes to the Consolidated Financial Statements
For the Six Months Ended August 31, 2019
(Expressed in Canadian Dollar)
(Unaudited)

NOTE 7 – EXPLORATION AND EVALUATION ASSETS

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

	Keygout/ Glenelg \$	Kagoot Brook \$	Keymet \$	MacDougal Road \$	Mascarene \$	Mount Raymond \$	Porcupine \$
Balance, February 28, 2018	-	39,300	624,882	141,753	4,175	9,097	192,631
Acquisition Costs	-	-	-	-	15,000	-	-
Sale Proceeds	-	(25,000)	-	-	-	-	-
Exploration Costs	1,056	979	54,731	-	5,806	-	-
Balance, August 31, 2018	1,056	15,279	679,613	141,753	24,981	9,097	192,631
Balance, February 28, 2019	12,856	946	1,053,807	142,053	52,235	11,997	129,059
Acquisition Costs	-	-	-	30,000	-	-	-
Sale Proceeds	-	(49,476)	-	-	-	-	-
Exploration Costs	18,245	(292)	745	-	6,511	-	210
Balance, August 31, 2019	31,101	(48,822)	1,054,552	172,053	58,746	11,997	129,269

	Golden Promise \$	Pilley's Island \$	South Quarry \$	Mitchell Brook \$	General Exploration \$	Properties Terminated Prior to February 28, 2018 \$	Total \$
Balance, February 28, 2018	466,627	263,690	510,449	20,615	366,857	2,297,125	4,937,201
Acquisition Costs	175,000	-	-	-	-	-	190,000
Sale Proceeds	-	-	-	-	-	-	(25,000)
Exploration Costs	162,756	35,429	14,903	-	1,314	-	276,975
Balance, August 31, 2018	804,383	299,119	525,352	20,615	368,171	2,297,125	5,379,176
Balance, February 28, 2019	846,376	302,193	547,193	20,615	380,069	2,297,125	5,796,524
Acquisition Costs	234,800	-	-	-	-	-	264,800
Sale Proceeds	-	-	-	-	-	-	(49,476)
Exploration Costs	149,567	28,088	29,967	-	9,818	-	242,859
Balance, August 31, 2019	1,230,743	330,281	577,160	20,615	389,887	2,297,125	6,254,707

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, 2019
(Expressed in Canadian Dollar)
(Unaudited)

NOTE 7 – EXPLORATION AND EVALUATION ASSETS (Continued)

a) Glenelg Vanadium Property, New Brunswick, Canada

During the fiscal year 2019, the Company acquired, through an option agreement and by staking, the Glenelg Vanadium Property, located in southwest New Brunswick. Under the terms of the agreement, the Company may earn in a 100% interest in the property by making certain staged cash payments to the vendor over a five-year period as follows: (i) \$10,000 in cash (paid); (ii) \$15,000 in cash on or before the first anniversary of the approval date; (iii) \$30,000 in cash on or before the second anniversary of the approval date; (iv) \$30,000 in cash on or before the third anniversary of the approval date; and (v) \$40,000 on or before the fourth anniversary of the approval date; and (vi) \$50,000 on or before the fifth anniversary of the approval date.

In the event the Company exercises the Option and acquires a 100% right, title and interest in and to the property, the vendor will be entitled to receive a 2.0% NSR, payable upon the commencement of commercial production.

The Company has the right to purchase one-half of the NSR from the vendor at any time by paying to the vendor \$1,000,000, leaving the vendor with a 1.0% remaining NSR.

b) 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 (15,000 post consolidation) 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 (15,000 post consolidation) in shares over the next four years. During the year ended February 28, 2019, the Company made cash payments of \$15,000 and issued 150,000 (15,000 post consolidation) shares with a fair market value of \$7,500.

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 upon signing a definitive agreement. In September 2018, the Company received 75,000 shares with a fair market value of \$21,750. A cash payment of \$15,000 was also received in January 2019.
- 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. On July 8, 2019, the Company received 197,904 shares of Explorex Resources Inc. with a market value of \$49,476.
- 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.

Great Atlantic Resources Corp.

Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2019
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NOTE 7 – EXPLORATION AND EVALUATION ASSETS (Continued)

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.

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 (25,000 post consolidation) shares (issued) over four years. The property is subject to a 2% net smelter return ("NSR") with the Company retaining the right to purchase one half of it for \$500,000. In March 2018, the final payment of \$20,000 was paid.

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 (see below) and to issue 150,000 (15,000 post consolidation) shares (issued) over two years.

In May 2019, the Company issued 600,000 (60,000 post consolidation) common shares for the settlement of the \$30,000 payable.

e) 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 (received) in cash 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. In February 2019, the Company made cash payments totaling \$25,000.

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.

f) 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.

Great Atlantic Resources Corp.

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NOTE 7 – EXPLORATION AND EVALUATION ASSETS (Continued)

g) 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 (10,000 post consolidation) 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 (received) and \$75,000 (received shares with a fair market value of \$43,359) 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.

h) 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 (83,333 post consolidation) 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. On July 9, 2019, the Company issued 250,000 (25,000 post consolidation) shares with a market value of \$85,000 and paid \$145,000 in cash on July 31, 2019. The Company also issued 80,000 (8,000 post consolidation) in July 2019 with a market value of \$4,800 as a finder fee. 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.

Great Atlantic Resources Corp.

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NOTE 7 – EXPLORATION AND EVALUATION ASSETS (Continued)

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 (25,000 post consolidation) common shares fair valued at \$15,000 as finders' fee; 170,000 (17,000 post consolidation) common shares with a fair value of \$10,200 was issued in the year ended February 28, 2017.

i) 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 (100,000 post consolidation) 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.

j) 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 (85,000 post consolidation) shares (issued) over four years.

k) 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.

NOTE 8 – SHARE CAPITAL

a) Authorized Share Capital

Unlimited number of common shares without par value.

b) Issued and Outstanding Share Capital

On June 27, 2019, the Company consolidated the issued share capital on the basis of ten (10) old common shares for one (1) new common share (the "Consolidation ratio"). Outstanding stock options, agent's options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

As at August 31, 2019, there were 6,151,411 common shares issued and outstanding.

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

- a) 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 (110,000 post consolidation) shares. The shares, valued at \$99,000, were issued on March 12, 2018 upon regulatory approval.

Great Atlantic Resources Corp.

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NOTE 8 – SHARE CAPITAL (Continued)

- b) May 11, 2018, the Company issued 118,000 (11,800 post consolidation) shares with a fair value of \$10,000 pursuant to an option agreement on the Pilley's Island Property.
- c) July 6, 2018, the Company issued 666,667 (66,667 post consolidation) shares with a fair value of \$50,000 pursuant to an option agreement for the Golden Promise Property (Note 6(e)).
- d) July 31, 2018, the Company completed a private placement, raising gross proceeds of \$200,000 by issuing 4,000,000 (400,000 post consolidation) common shares at \$0.05 (\$0.50 post consolidation) 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 (\$0.75 post consolidation) per share for a period of two years.
- e) August 14, 2018, the Company completed a private placement, raising gross proceeds of \$370,000 by issuing 7,400,000 (740,000 post consolidation) common shares at \$0.05 (\$0.50 post consolidation) 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 (\$0.75 post consolidation) per share for a period of two years
- f) During the period ended August 31, 2018, the Company issued 200,000 (20,000 post consolidation) common shares upon the exercise of share purchase warrants. Cash proceeds received total \$13,000.

The following share issuances occurred during the period ended August 31, 2019

- g) May 16, 2019, the Company issued 600,000 (60,000 post consolidation) shares with a fair value of \$30,000 pursuant to an option agreement on the MacDougal Road Property (Note 7(d)).
- h) On July 9, 2019, the Company issued 250,000 shares with a fair value of \$85,000 pursuant to the Golden Promise Property (Note 7(h)). The Company also agreed to issue 80,000 (8,000 post consolidation) common shares fair valued at \$4,800 as finders' fee on June 12, 2019.

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.

As at August 31, 2019, 378,000 options, with a weighted average exercise price of \$0.94 per share and a weighted average remaining life of 3.23 years were outstanding.

Great Atlantic Resources Corp.
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NOTE 8 – SHARE CAPITAL (Continued)

The number of stock option and their exercise price have been retroactively adjusted to reflect the ten to one share consolidation of June 2019.

Expiry Date	Exercise Price	February 28, 2019	Granted	Exercised	Expired/Cancelled	August 31, 2019
May 04, 2020	\$1.00	14,000	-	-	-	14,000
June 5, 2021	\$0.50	50,000	-	-	-	50,000
May 26, 2022	\$1.50	64,000	-	-	-	64,000
March 22, 2023	\$1.00	150,000	-	-	-	150,000
October 23, 2023	\$0.70	100,000	-	-	-	100,000
		378,000	-	-	-	378,000

c) Stock Options (Continued)

As at August 31, 2018, 338,000 options, with a weighted average exercise price of \$1.10 per share and a weighted average remaining life of 4.00 years were outstanding.

Expiry Date	Exercise Price	February 28, 2018	Granted	Exercised	Expired/Cancelled	August 31, 2018
October 25, 2018	\$1.50	40,000	-	-	-	40,000
May 04, 2020	\$1.00	14,000	-	-	-	14,000
June 5, 2021	\$0.50	70,000	-	-	-	70,000
May 26, 2022	\$1.50	64,000	-	-	-	64,000
March 22, 2023	\$1.00	-	150,000	-	-	150,000
		188,000	150,000	-	-	338,000

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, 2019, the Company granted a total of Nil (2018 – 1,500,000 (150,000 post consolidation)) stock options. Stock-based compensation expense using the Black-Scholes option pricing model was \$Nil (2018 - \$116,546) for options granted and vested in the period ended August 31, 2019.

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

	2019	2018
Risk-free interest rate	-	2.04%
Expected life of stock options	-	5 years
Annualized volatility	-	133%
Dividend rate	-	0.00%

Great Atlantic Resources Corp.
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NOTE 8 – SHARE CAPITAL (Continued)

e) Share Purchase Warrants

As at August 31, 2019, 3,607,942 share purchase warrants, with a weighted average exercise price of \$1.10 per share were outstanding.

The number of share purchase warrants and their exercise price have been retroactively adjusted to reflect the ten to one share consolidation of June 2019.

Expiry Date	Exercise Price	February 28, 2019	Granted	Exercised	Expired/Cancelled	August 31, 2019
August 22, 2019	\$2.00	100,000	-	-	(100,000)	-
June 5, 2020	\$1.00	49,500	-	-	-	49,500
June 29, 2020	\$1.00	68,520	-	-	-	68,520
July 6, 2020	\$1.00	113,000	-	-	-	113,000
July 31, 2020	\$0.75	400,000	-	-	-	400,000
August 14, 2020	\$0.75	740,000	-	-	-	740,000
October 19, 2020	\$1.00	552,000	-	-	-	552,000
August 18, 2021	\$0.65	90,000	-	-	-	90,000
December 22, 2021	\$1.50	50,000	-	-	-	50,000
May 23, 2022	\$1.00	200,000	-	-	-	200,000
June 09, 2022	\$1.25	435,000	-	-	-	435,000
June 14, 2022	\$1.25	232,500	-	-	-	232,500
June 26, 2022	\$1.25	332,500	-	-	-	332,500
October 16, 2022	\$2.20	344,922	-	-	-	344,922
		3,707,942	-	-	(100,000)	3,607,942

As at August 31, 2018, 3,276,942 share purchase warrants, with a weighted average exercise price of \$1.40 per share were outstanding.

Expiry Date	Exercise Price	February 28, 2018	Granted	Exercised	Expired/Cancelled	August 31, 2018
December 30, 2018	\$10.00	11,000	-	-	-	11,000
August 22, 2019	\$2.00	100,000	-	-	-	100,000
June 5, 2020	\$1.00	89,500	-	-	-	89,500
June 29, 2020	\$1.00	78,520	-	-	-	78,520
July 6, 2020	\$1.00	113,000	-	-	-	113,000
July 31, 2020	\$0.75	-	400,000	-	-	400,000
August 14, 2020	\$0.75	-	740,000	-	-	740,000
August 18, 2021	\$0.65	170,000	-	(20,000)	-	150,000
December 22, 2021	\$1.50	50,000	-	-	-	50,000
May 23, 2022	\$1.00	200,000	-	-	-	200,000
June 09, 2022	\$1.25	435,000	-	-	-	435,000
June 14, 2022	\$1.25	232,500	-	-	-	232,500
June 26, 2022	\$1.25	332,500	-	-	-	332,500
October 16, 2022	\$2.20	344,922	-	-	-	344,922
		2,156,942	1,140,000	(20,000)	-	3,276,942

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NOTE 8 – SHARE CAPITAL (Continued)

e) Agents' Warrants

As at August 31, 2019, 97,982 agents' warrants, with a weighted average exercise price of \$1.51 per share were outstanding.

The number of agents' warrants and their exercise price have been retroactively adjusted to reflect the ten to one share consolidation of June 2019.

Expiry Date	Exercise Price	February 28, 2019	Granted	Exercised	Expired/Cancelled	August 31, 2019
June 5, 2020	\$1.00	5,320	-	-	-	5,320
June 29, 2020	\$1.00	1,920	-	-	-	1,920
July 6, 2020	\$1.00	8,000	-	-	-	8,000
October 19, 2020	\$1.00	10,000	-	-	-	10,000
June 09, 2022	\$1.25	18,500	-	-	-	18,500
June 14, 2022	\$1.25	13,250	-	-	-	13,250
June 26, 2022	\$1.25	7,500	-	-	-	7,500
October 16, 2022	\$2.20	33,492	-	-	-	33,492
		97,982	-	-	-	97,982

As at August 31, 2018, 87,982 agents' warrants, with a weighted average exercise price of \$1.60 per share were outstanding.

Expiry Date	Exercise Price	February 28, 2018	Granted	Exercised	Expired/Cancelled	August 31, 2018
June 5, 2020	\$1.00	5,320	-	-	-	5,320
June 29, 2020	\$1.00	1,920	-	-	-	1,920
July 6, 2020	\$1.00	8,000	-	-	-	8,000
June 9, 2022	\$1.25	18,500	-	-	-	18,500
June 14, 2022	\$1.25	13,250	-	-	-	13,250
June 26, 2022	\$1.25	7,500	-	-	-	7,500
October 16, 2022	\$2.20	33,492	-	-	-	33,492
		87,982	-	-	-	87,982

NOTE 9 – 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.

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NOTE 9 – RELATED PARTY TRANSACTIONS (Continued)

As at August 31, 2019, 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.

	August 31, 2019 \$	February 28, 2019 \$
Due to a former director	29,313	29,313
Due to a company controlled by an Officer for Management Services	209,092	96,101
Due to an individual that is related to an Officer	150,000	
Due (from) a company under common control	(40,200)	(40,200)
	<u>348,205</u>	<u>142,906</u>

The Company had the following transactions with related parties:

- a) Management fees totalling \$90,000 (2018 – \$85,000) were paid or accrued to a director and an officer of the Company during the period ended August 31, 2019.
- b) Remuneration attributed to key management personnel and directors included stock-based compensation of \$Nil (2018 – \$116,546).
- c) An individual related to an officer of the Company loaned in \$150,000. The loan amount is non-interest bearing, unsecured, and has no specified terms of repayment
- d) Rent and office reimbursements were received or accrued from companies under common control for use of a shared office space. As at August 31, 2019, \$40,200 (2018 - \$40,200) was receivable from these companies.

NOTE 10 – 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. September 1, 2018, the rate was increased to \$15,000 per month with a vacation payout and a \$25,000 bonus payout to be issued annually.
- 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 has been extended for another five years, commencing January 01, 2018 and expiring December 31, 2022 at \$6,252 per month.
- c) The Company entered into an equipment lease from May 1, 2018 to May 1, 2023 at \$1,376 per quarter.

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NOTE 11 – SUPPLEMENTAL CASH FLOW INFORMATION

Significant Non-Cash Financing Activities

	August 31, 2019 \$	August 31, 2018 \$
Shares Issued for Exploration and Evaluation Assets	119,800	159,000
	<u>119,800</u>	<u>159,000</u>

NOTE 12 – 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, 2019 was \$16,084,602 (February 28, 2019 – \$15,965,452). 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, 2019.

NOTE 13 – 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, 2019, the Company has a working capital deficiency of \$766,990. 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.

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NOTE 13 – FINANCIAL INSTRUMENTS

d) 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 14 – SUBSEQUENT EVENTS

In September 2019, the Company granted 225,000 stock option at an exercise price of \$0.41 to directors, officers, employees and consultants. The options are exercisable for five years.