



For the Six Months Ended August 31, 2020

## **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, 2020 \$	February 28, 2020 \$
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash		6,689	6,308
GST Recoverable		101,917	85,493
Government Exploration Grant Receivable		-	9,963
Other Receivable	4	1,505	5,488
Marketable Securities	5	124,947	116,691
Deposits and Prepayments		100,795	-
Due from Related Parties	10	40,200	40,200
		<u>376,053</u>	<u>264,143</u>
<b>NON-CURRENT</b>			
Right-of-Use Lease Assets	6	<u>185,374</u>	<u>221,538</u>
		<u>561,427</u>	<u>485,681</u>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts Payable and Accrued Liabilities		502,570	327,120
Lease Liability	6	76,548	78,438
Loan Payable	8	321,259	159,498
Due to Related Parties	10	48,900	62,776
		<u>949,277</u>	<u>627,832</u>
<b>NON-CURRENT</b>			
Lease Liabilities	6	<u>98,635</u>	<u>136,443</u>
		<u>1,047,912</u>	<u>764,275</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital, Net of Issuance Costs	9	17,649,185	17,238,667
Share Subscription Received		75,000	25,000
Share-Based Payment Reserve		535,350	534,013
Deficit		<u>(18,746,020)</u>	<u>(18,076,274)</u>
		<u>(486,485)</u>	<u>(278,594)</u>
		<u>561,427</u>	<u>485,681</u>

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

Commitments (Note 11)

Subsequent Events (Note 15)

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 \$	Share Subscription Received \$	Shared-Based Payment Reserve \$	Deficit \$	Total Shareholders' Equity \$
<b>Balance, February 28, 2019</b>		5,833,411	15,965,452	-	445,960	(16,561,631)	(150,219)
Shares Issued for Exploration and Evaluation Assets	9(b)	318,000	119,800	-	-	-	119,800
Share Issuance Costs		-	(650)	-	-	-	(650)
Net Comprehensive Loss		-	-	-	-	(654,623)	(654,623)
<b>Balance, August 31, 2019</b>		<b>6,151,411</b>	<b>16,084,602</b>		<b>445,960</b>	<b>(17,216,254)</b>	<b>(685,692)</b>
<b>Balance, February 28, 2020</b>		8,582,464	17,238,667	25,000	534,013	(18,076,274)	(278,594)
Shares Issued for Cash	9(b)	714,286	300,000	-	-	-	300,000
Shares Issued for Exploration and Evaluation Assets	9(b)	472,000	141,600	-	-	-	141,600
Share Subscription Received	9(b)	-	-	50,000	-	-	50,000
Share Issuance Costs		-	(20,500)	-	-	-	(20,500)
Fair Value of Agent's Warrants Issued	9(c)	-	(10,582)	-	10,582	-	-
Fair Value of Expired Options	9(c)	-	-	-	(9,245)	9,245	-
Net Comprehensive Loss		-	-	-	-	(678,991)	(678,991)
<b>Balance, August 31, 2020</b>		<b>9,768,750</b>	<b>17,649,185</b>	<b>75,000</b>	<b>535,350</b>	<b>(18,746,020)</b>	<b>(486,485)</b>

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

# Great Atlantic Resources Corp.

## Interim Statements of Comprehensive Loss

(Expressed in Canadian Dollar)

(Unaudited)

	Note	Three Months Ended August 31,		Six Months Ended August 31,	
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>EXPENSES</b>					
Accounting, Audit and Legal		6,821	6,297	15,593	10,797
Advertising, Marketing and Investor Relations		10,689	6,221	50,998	11,065
Bank Charges and Interest		217	121	318	151
Consulting		31,750	-	33,750	-
Depreciation	6	18,082	17,389	36,164	34,778
Exploration	7	398,635	355,826	556,936	458,183
Insurance		8,000	-	10,559	9,800
Interest	6	6,810	1,317	13,364	2,392
Management	10	45,000	45,000	90,000	90,000
Office and Administration		20,154	20,148	40,656	39,592
Regulatory Fees and Transfer Agent		4,289	10,283	8,051	11,172
Travel and Accommodations		1,882	750	3,876	2,374
Rent and Office Recovery		(19,500)	(19,500)	(39,000)	(39,000)
<b>LOSS BEFORE OTHER ITEMS</b>		(532,829)	(443,852)	(821,265)	(631,304)
Grant Funding		14,000	10,000	96,800	63,686
Gain on Sale of Marketable Securities		751	-	23,238	-
Write-Up (Down) on Marketable Securities to Market	5	33,442	(20,911)	22,236	(87,005)
<b>NET COMPREHENSIVE LOSS FOR THE PERIOD</b>		(484,636)	(454,763)	(678,991)	(654,623)
<b>POST-SHARE CONSOLIDATION</b>					
<b>Basic and Diluted Loss per Share</b>		(0.05)	(0.08)	(0.07)	(0.11)
<b>Weighted average number of common shares outstanding</b>		9,745,458	6,054,172	9,382,118	5,943,791

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)

	<b>Three Months Ended August 31,</b>	
	2020	2019
	\$	\$
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES</b>		
Net Loss for the Period	(678,991)	(654,623)
Non-Cash Items		
Depreciation of Right to Lease Assets	36,164	34,778
Gain on Sale of Marketable Securities	(23,238)	-
Shares Issued for Exploration and Acquisition Assets	141,600	119,150
Marketable Securities Received for Exploration and Acquisition Assets		(49,476)
Write-(Up) Down of Marketable Securities	(22,236)	87,005
	(546,701)	(463,166)
Change in Non-Cash Working Capital Accounts		
Deposits and Prepays	(100,793)	-
GST Recoverable	(16,423)	(32,252)
Grant and Accounts Receivable	13,946	35,023
Accounts Payables and Accrued Liabilities	175,449	233,424
Loan Payable	8,209	-
Due to/from Related Parties	(13,876)	262,990
	(480,189)	36,019
<b>INVESTING ACTIVITIES</b>		
Proceeds from Sale of Marketable Securities	37,218	-
<b>FINANCING ACTIVITIES</b>		
Shares Issued for Cash Net of Issuance Costs	279,500	-
Share Subscription Received	50,000	-
Loan Proceeds	153,550	
Repayment of Lease Liabilities	(39,698)	(39,640)
	443,352	(39,640)
<b>(DECREASE) INCREASE IN CASH</b>	381	(3,621)
Cash, Beginning of the Period	6,308	6,152
<b>CASH, END OF THE PERIOD</b>	<b>6,689</b>	<b>2,531</b>

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, 2020  
(Expressed in Canadian Dollar)  
(Unaudited)

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

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

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

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

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

The Company has not yet achieved profitable operations and has an accumulated deficit of \$18,746,020 and a working capital deficiency of \$573,224 as at August 31, 2020; 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, 2020  
(Expressed in Canadian Dollar)  
(Unaudited)

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

**a) Statement of Compliance**

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

These financial statements were approved and authorized for issue by the board of Directors on October 28, 2020.

**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, 2020. The accounting policies, methods of computation and presentation applied in these financial statements are consistent with those of the previous financial year.

**NOTE 3 – NEW ACCOUNTING STANDARDS ISSUED**

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective as of August 31, 2020. 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 office space. As at August 31, 2020, \$1,505 (February 29, 2020 - \$5,488) was receivable from this company.

**NOTE 5 – MARKETABLE SECURITIES**

	August 31, 2020 \$	February 28, 2020 \$
<b>Balance, Beginning of the Period</b>	116,691	190,938
Market Securities Received Pursuant to Porcupine Option Agreement (Note 7(g))	56,146	49,476
Marketable Securities Sold (at Cost)	(70,126)	-
Write-up (down) shares to market	22,236	(123,723)
<b>Balance, End of the Period</b>	<b>124,947</b>	<b>116,691</b>

**Great Atlantic Resources Corp.**  
**Notes to the Consolidated Financial Statements**  
For the Six Months Ended August 31, 2020  
(Expressed in Canadian Dollar)  
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**NOTE 6 – RIGHT-OF-USE ASSETS**

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's 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%.

The recognized Right-of-Use Assets:

	Office \$	Total \$
<b>Balance, February 28, 2020</b>	221,538	221,538
Add: Right-of-Use Assets	293,864	293,864
Less: Depreciation of Right-of-Use Assets	(108,490)	(108,490)
<b>Balance, August 31, 2020</b>	<b>185,374</b>	<b>185,374</b>

Lease Liabilities:

<b>Balance, February 28, 2020</b>	\$ 214,881
Lease Payment	(39,698)
<b>Balance, August 31, 2020</b>	<b>175,183</b>

Interest expense was recognized as part of the new standard. For the period ended August 31, 2020 \$3,959 (2019 - \$2,392) was recorded as interest expense on lease liabilities.

**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 \$
<b>Balance, February 28, 2019</b>	12,856	946	1,053,807	142,053	52,235	11,997	129,059
Acquisition Costs	-	-	-	30,000	-	-	-
Sale Proceeds	-	(49,476)	-	-	-	-	-
Exploration Costs (Recovery)	18,245	(292)	745	-	6,511	-	210
<b>Balance, August 31, 2019</b>	31,101	(48,822)	1,054,552	172,053	58,746	11,997	129,269
<b>Balance, February 29, 2020</b>	282,608	(23,823)	1,075,994	150,717	78,553	17,892	129,269
Acquisition Costs	15,000	-	-	-	30,000	-	-
Sale Proceeds	-	(30,000)	-	-	-	-	-
Exploration Costs (Recovery)	4,420	245	9,968	5,035	25,720	-	-
<b>Balance, August 31, 2020</b>	<b>302,028</b>	<b>(53,578)</b>	<b>1,085,962</b>	<b>155,752</b>	<b>134,273</b>	<b>17,892</b>	<b>129,269</b>

**Great Atlantic Resources Corp.**  
**Notes to the Consolidated Financial Statements**  
For the Six Months Ended August 31, 2020  
(Expressed in Canadian Dollar)  
(Unaudited)

**NOTE 7 – EXPLORATION AND EVALUATION ASSETS (Continued)**

	Golden Promise \$	Pilley's Island \$	South Quarry \$	Mitchell Brook \$	General Exploration \$	Properties Terminated Prior to February 28, 2017 \$	Total \$
<b>Balance, February 28, 2019</b>	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
<b>Balance, August 31, 2019</b>	1,230,743	330,281	577,160	20,615	389,887	2,297,125	6,254,707
<b>Balance, February 29, 2020</b>	1,419,904	333,081	606,842	20,615	399,418	2,297,125	6,788,195
Acquisition Costs	258,000	33,600	-	-	-	-	336,600
Sale Proceeds	-	-	-	-	-	-	(30,000)
Exploration Costs	189,921	3,196	1,552	-	10,279	-	250,336
<b>Balance, August 31, 2020</b>	1,867,825	369,877	608,394	20,615	409,697	2,297,125	7,345,131

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) 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 (paid); (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 15,000 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 15,000 in shares over the next four years. During the year ended February 28, 2019, the Company made cash payments of \$15,000 and issued 15,000 shares with a fair market value of \$7,500. During the year ended February 29, 2020, the Company made cash payments of \$30,000.

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.

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2020  
(Expressed in Canadian Dollar)  
(Unaudited)

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### NOTE 7 – EXPLORATION AND EVALUATION ASSETS (Continued)

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 (received) 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.

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 25,000 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, and the 100% acquisition was completed.

#### 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 15,000 shares (issued) over two years.

In May 2019, the Company issued 60,000 common shares for the settlement of the \$30,000 payable. This completed the 100% acquisition.

#### 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 (paid) 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. For the fiscal year ended February 29, 2020, the Company made cash payments totaling \$30,000. In May 2020, the Company made payments totaling \$30,000.

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.

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

For the Six Months Ended August 31, 2020  
(Expressed in Canadian Dollar)  
(Unaudited)

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### NOTE 7 – EXPLORATION AND EVALUATION ASSETS (Continued)

#### 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.

#### 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 10,000 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 (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 83,333 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. On July 9, 2019, the Company issued 25,000 shares with a market value of \$85,000 and paid \$145,000 in cash on July 31, 2019. The Company also issued 8,000 shares in July 2019 with a market value of \$4,800 as a finder fee. On March 12, 2020, the Company issued 360,000 shares with a market value of \$108,000 and on July 31, 2020 paid \$150,000 in cash. 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.

## Notes to the Consolidated Financial Statements

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### NOTE 7 – EXPLORATION AND EVALUATION ASSETS (Continued)

#### h) Golden Promise Property, Newfoundland, Canada (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 25,000 common shares fair valued at \$15,000 as finders' fee; 17,000 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 100,000 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. On March 12, 2020, the Company issued 112,000 common shares with a market value of \$33,600.

#### 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 85,000 shares (issued) over four years. The Company earned a 100% interest in the property.

#### 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 - LOANS PAYABLE

During the year ended February 29, 2020, the Company entered into an agreement with an arm's length individual for a loan of \$150,000. The loan is interest bearing at 10% per annum, unsecured, and has no specified terms of repayment. Interest expense of \$4,157 was recorded for the period ended August 31, 2020.

During the period ended August 31, 2020, the Company received a loan for \$153,550 from an arm's length individual. The loan is non-interest bearing and has no specific terms of repayment.

### NOTE 9 – SHARE CAPITAL

#### a) Authorized Share Capital

Unlimited number of common shares without par value.

#### b) Share Consolidation, Issued and Outstanding Share Capital

On June 27, 2019, the Company consolidated the issued share capital on the basis of ten old common shares for one new common share. 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, 2020, there were 9,768,750 common shares issued and outstanding.

**Great Atlantic Resources Corp.**  
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**NOTE 9 – SHARE CAPITAL (Continued)**

**b) Share Consolidation, Issued and Outstanding Share Capital (Continued)**

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

- i) May 16, 2019, the Company issued 60,000 shares with a fair value of \$30,000 pursuant to an option agreement on the MacDougal Road Property (Note 7(d)).
- ii) 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 8,000 common shares fair valued at \$4,800 as a finders fee on June 12, 2019.

The following share issuances occurred during the period ended August 31, 2020:

- iii) March 12, 2020, the Company issued 472,000 shares with a fair value of \$141,600 pursuant to option agreements on the Golden Promise and Pilley’s Island Property (Note 7(h)(i)).
- iv) On May 26, 2020, the Company issued 476,191 shares on a non-brokered private placement of flow through shares at a price of \$0.42 cents per share for gross proceeds of \$200,000. Each Flow-Through share consists of one common share that qualifies as a “flow-through share” as defined in subsection 66(15) of the Income Tax Act. There was no flow-through share premium associated with this private placement. The Company paid a cash commission of \$16,000 and issued 38,095 finders warrants with a fair value of \$10,582.
- v) On June 9, 2020, the Company issued closed a non-brokered private placement of flow through shares at a price of \$0.42 cents per share for gross proceeds of \$100,000. The Company issued 238,095 Flow-Through shares consisting of one common share that qualifies as a “flow-through share” as defined in subsection 66(15) of the Income Tax Act. There was no flow-through share premium associated with this private placement. A director and an officer participated in the offering totaling \$52,500.

**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, 2020, 579,000 options, with a weighted average exercise price of \$0.74 per share and a weighted average remaining life of 2.97 years were outstanding.

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>February 29, 2020</u>	<u>Granted</u>	<u>Exercised</u>	<u>Expired/ Cancelled</u>	<u>August 31, 2020</u>
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
Oct 23, 2023	\$0.70	100,000	-	-	-	100,000
Sept 23, 2024	\$0.41	215,000	-	-	-	215,000
		593,000	-	-	(14,000)	579,000

# Great Atlantic Resources Corp.

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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.

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
May 22, 2023	\$1.00	150,000	-	-	-	150,000
Oct 23, 2023	\$0.70	100,000	-	-	-	100,000
		378,000	-	-	-	378,000

### c) Share-Based Payments

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

During the period ended August 31, 2020, the Company issued 38,095 (2019 – Nil) agents' warrants. Stock-based compensation expense using the Black-Scholes option pricing model was \$10,582 (2019 – \$Nil) for agents' warrants granted in the period.

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

	2020	2019
Risk-free interest rate	0.2789%	-
Expected life of stock options	2 years	-
Annualized volatility	119.68%	-
Dividend rate	0.00%	0.00%

### d) Share Purchase Warrants

As at August 31, 2020, 4,349,922 share purchase warrants, with a weighted average exercise price of \$1.04 per share were outstanding.

Expiry Date	Exercise Price	February 29, 2020	Granted	Exercised	Expired/Cancelled	August 31, 2020
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)	-
Aug 14, 2020	\$0.75	740,000	-	-	(740,000)	-
Oct 19, 2020	\$1.00	552,000	-	-	-	552,000
July 27, 2021	\$0.75	420,000	-	-	-	420,000
Aug 6, 2021	\$0.75	894,000	-	-	-	894,000
Aug 7, 2021	\$0.75	340,000	-	-	-	340,000
Aug 12, 2021	\$0.75	346,000	-	-	-	346,000
Aug 18, 2021	\$0.65	90,000	-	-	-	90,000
Dec 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
Oct 16, 2022	\$2.20	344,922	-	-	-	344,922
		5,607,942	-	-	(1,258,020)	4,349,922

**Great Atlantic Resources Corp.**  
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**NOTE 9 – SHARE CAPITAL (Continued)**

**e) Share Purchase Warrants (Continued)**

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

Expiry Date	Exercise Price	February 28, 2019	Granted	Exercised	Expired/Cancelled	August 31, 2019
Aug 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
Aug 14, 2020	\$0.75	740,000	-	-	-	740,000
Oct 19, 2020	\$1.00	552,000	-	-	-	552,000
Aug 18, 2021	\$0.65	90,000	-	-	-	90,000
Dec 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
Oct 16, 2022	\$2.20	344,922	-	-	-	344,922
		3,707,942	-	-	(100,000)	3,607,942

**f) Agents' Warrants**

As at August 31, 2020, 178,521 agents' warrants, with a weighted average exercise price of \$0.99 per share were outstanding.

Expiry Date	Exercise Price	February 29, 2020	Granted	Exercised	Expired/Cancelled	August 31, 2020
June 5, 2020	\$1.00	5,320	-	-	(5,300)	-
June 29, 2020	\$1.00	1,920	-	-	(1,920)	-
July 6, 2020	\$1.00	8,000	-	-	(8,000)	-
Oct 19, 2020	\$1.00	10,000	-	-	-	10,000
Aug 12, 2021	\$0.475	24,000	-	-	-	24,000
Nov 4, 2021	\$0.475	33,684	-	-	-	33,684
May 26, 2022	\$0.42	-	38,095	-	-	38,095
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
Oct 16, 2022	\$2.20	33,492	-	-	-	33,492
		155,666	38,095	-	(15,240)	178,521

**Great Atlantic Resources Corp.**  
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**NOTE 9 – SHARE CAPITAL (Continued)**

**f) Agents' Warrants (Continued)**

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

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
Oct 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
Oct 16, 2022	\$2.20	33,492	-	-	-	33,492
		97,982	-	-	-	97,982

**NOTE 10 – 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, 2020, the Company has the following amounts due to (from) related parties.

	August 31, 2020	February 29, 2020
	\$	\$
Due to companies controlled by Directors and Officers for management services and expense reimbursements	48,900	62,776
Due from a company under common control	(40,200)	(40,200)
	8,700	22,576

The Company had the following transactions with related parties:

- Management fees totalling \$45,000 (2019 – \$45,000) were paid or accrued to a director and an officer of the Company during the period ended August 31, 2020.
- Rent and office reimbursements were received or accrued from companies under common control for use of a shared office space. As at August 31, 2020, \$40,200 (2019 - \$40,200) was receivable from these companies.
- Share subscription was received by a director and an officer of the Company in the amount of \$75,000.

# Great Atlantic Resources Corp.

## Notes to the Consolidated Financial Statements

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### NOTE 11 – 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. In September 2018, the monthly fee 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.

### NOTE 12 – SUPPLEMENTAL CASH FLOW INFORMATION

#### Significant Non-Cash Financing Activities

	August 31, 2020 \$	August 31, 2019 \$
Shares Issued for Exploration and Evaluation Assets	141,600	119,800
	<u>141,600</u>	<u>119,800</u>

### NOTE 13 – 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, 2020 was \$17,649,185 (February 28, 2020 – \$17,238,667). 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 year ended February 29, 2020 nor during the period ended August 31, 2020.

### NOTE 14 – 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.

# Great Atlantic Resources Corp.

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### NOTE 14 – FINANCIAL INSTRUMENTS (Continued)

#### 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, 2020, the Company has a working capital deficiency of \$573,224. 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) 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 15 – SUBSEQUENT EVENTS

On September 16, 2020, the Company issued 2,396,000 shares through an offering at \$0.50 per unit for gross proceeds of \$1,198,000. Each unit consists of one common share and one share purchase warrants exercisable at \$0.75 per share for 36 months from date of issuance.

On September 21, 2020, the Company issued 2,084,000 shares through an offering at \$0.50 per unit for gross proceeds of \$1,042,000. Each unit consists of one common share and one share purchase warrants exercisable at \$0.75 per share for 36 months from date of issuance.

On October 15, 2020, the Company issued 490,197 shares on a non-brokered private placement of flow through shares at a price of \$0.51 cents per share for gross proceeds of \$250,000. Each Flow-Through share consists of one common share that qualifies as a "flow-through share" as defined in subsection 66(15) of the Income Tax Act. The Company paid a cash commission of \$20,000 and issued 39,215 finders warrants.

#### **2020 COVID-19 Pandemic**

The outbreak of the COVID-19 virus and the worldwide pandemic has impacted the Company's plans and activities. The Company may face disruption to operations, supply chain delays, travel and trade restrictions, and impacts on economic activity in affected countries or regions can be expected and are difficult to quantify. Regional disease outbreaks and pandemics represent a serious threat to hiring and maintaining a skilled workforce and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these regional disease outbreaks and pandemics and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs and insurance premiums as a result of these health risks.

In addition, the pandemic has created a dramatic slowdown in the global economy. The duration of the outbreak and the resulting travel restrictions, social distancing recommendations, government response actions, business disruptions and business closures may have an impact on the Company's exploration operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on global industrial and financial markets which may reduce metal prices, share prices and financial liquidity thereby severely limiting access to essential capital.