GREAT BEAR RESOURCES LTD.

Consolidated Financial Statements

For the Years Ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

GREAT BEAR RESOURCES LTD.
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December 31, 2019

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Independent Auditor's Report

To the Shareholders of Great Bear Resources Ltd.:

Opinion

We have audited the consolidated financial statements of Great Bear Resources Ltd. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Joseph J. Chirkoff.

Vancouver, British Columbia

April 27, 2020

MNP LLP

Chartered Professional Accountants

GREAT BEAR RESOURCES LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		December 31, 2019		December 31, 2018
ASSETS:					
Current assets					
Cash		$	28,515,877	$	13,282,093
Investments in equity instruments	3,4		1,208,566		258,012
Receivables	5		8,023		17,349
GST receivable	5		525,412		156,717
Prepaid expenses			226,141		112,811
Total current assets			30,484,019		13,826,982
Exploration and evaluation assets	6		19,028,086		4,944,948
Total assets		$	49,512,105	$	18,771,930
LIABILITIES:					
Current liabilities					
Accounts payable and accrued liabilities	7	$	1,421,513	$	518,632
Flow-through premium liability	8		4,766,849		813,400
			6,188,362		1,332,032
EQUITY:					
Share capital	9		55,559,573		29,330,540
Equity reserves	9		11,894,093		10,047,947
Accumulated other comprehensive income (AOCI)	4		166,928		(85,446)
Deficit			(24,296,851)		(21,853,143)
Total equity			43,323,743		17,439,898
Total liabilities and equity		$	49,512,105	$	18,771,930

Nature and Continuance of Operations (Note 1)
Commitments (Note 12)
Subsequent Events (Note17)

Approved and authorized for issue by the Board of Directors on April 27, 2020.

"Doug Ramshaw" Director

"David Terry" Director

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

GREAT BEAR RESOURCES LTD.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Year ended December 31, 2019	2018
Expenses:			
Consulting		$ 411,592	$ 418,987
Director Fees	10	60,000	30,000
Management fees		557,500	277,199
Office and administration		471,125	177,451
Professional fees		144,849	45,333
Property investigation		-	15,307
Rent		42,835	24,901
Share-based compensation	9,10	3,017,455	2,229,989
Transfer agent and filing fees		97,824	62,814
Promotion and shareholder information		851,609	569,717
Total expenses		(5,654,789)	(3,851,698)
Other income			
Interest income		364,735	109,782
Other income	6, 8	2,846,346	447,388
Total other income		3,211,081	557,170
Net loss for the year		$ (2,443,708)	$ (3,294,528)
Basic and diluted loss per common share		$ (0.05)	$ (0.13)
Weighted average number of common shares outstanding		40,885,605	25,767,576
Net loss for the year		$ (2,443,708)	$ (3,294,528)
Change in unrealized gains on investment in equity instruments			
Increase (decrease) in fair value	3,4	252,374	(156,122)
Net comprehensive loss for the year		$ (2,191,334)	$ (3,450,650)

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

GREAT BEAR RESOURCES LTD.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

		Share Capital						
		Number of Shares	*Amount*	*Subscriptions Receivable/ Received*	*Equity Reserves*	*AOCI AFS Investments*	*Deficit*	*Total*
Balance at December 31, 2017		**18,176,689**	**$ 16,359,715**	**$(452,202)**	**$ 4,809,257**	**$ 70,676**	**$ (18,558,615)**	**$ 2,228,831**
Change in fair value of FVOCI equity investments		-	-	-	-	(156,122)	-	(156,122)
Shares issued in private placement		11,199,332	11,341,253	452,202	2,798,555	-	-	14,592,010
Share issuance costs – cash		-	(1,056,949)	-	-	-	-	(1,056,949)
Share issuance costs – finders' warrants		-	(493,233)	-	493,233	-	-	-
Share-based compensation	9, 10	-	-	-	2,555,739	-	-	2,555,739
Options exercised		203,000	127,050	-	-	-	-	127,050
Warrants exercised		7,554,590	2,443,867	-	-	-	-	2,443,867
Reclass of contributed surplus			608,837	-	(608,837)	-	-	-
Loss for the year		-	-	-	-	-	(3,294,528)	(3,294,528)
Balance at December 31, 2018		**37,133,611**	**$ 29,330,540**	**$ -**	**$ 10,047,947**	**$ (85,446)**	**$ (21,853,143)**	**$ 17,439,898**
Balance at December 31, 2018		**37,133,611**	**$ 29,330,540**	**$ -**	**$ 10,047,947**	**$ (85,446)**	**$ (21,853,143)**	**$ 17,439,898**
Change in fair value of FVOCI equity investments		-	-	-	-	252,374	-	252,374
Shares issued in private placement	9	4,000,000	21,080,000	-	-	-	-	21,080,000
Shares issued for mineral property	6d, 9	108,500	355,880	-	-	-	-	355,880
Share-based compensation	9,10	-	-	-	3,929,314	-	-	3,929,314
Options exercised	9	576,500	708,625	-	-	-	-	708,625
Warrants exercised	9	5,031,802	4,024,184	-	-	-	-	4,024,184
Share issue costs – finders' warrants		-	(231,612)	-	231,612	-	-	-
Share issue costs – cash	9	-	(2,022,824)	-	-	-	-	(2,022,824)
Reclass of contributed surplus			2,314,780	-	(2,314,780)	-	-	-
Loss for the year		-	-	-	-	-	(2,443,708)	(2,443,708)
Balance at December 31, 2019		**46,850,413**	**$ 55,559,573**	**$ -**	**$ 11,894,093**	**$ 166,928**	**$ (24,296,851)**	**$ 43,323,743**

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

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

	Note	Year ended December 31, 2019	2018
Cash flows from operating activities:			
Loss for the year		$ (2,443,708)	$ (3,294,528)
Items not involving cash:			
Other income	6, 8	(2,846,345)	(447,388)
Share-based compensation	9,10	3,017,455	2,229,989
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities		146,759	(19,199)
Prepaid expenses		(113,330)	(40,631)
Receivables		9,326	(17,349)
Taxes receivable		(368,695)	(131,019)
Net cash used in operating activities		(2,598,538)	(1,720,125)
Cash flows used in investing activities:			
Mineral properties and exploration expenditures		(12,527,663)	(3,324,654)
Recoveries		50,000	100,000
Net cash used in investing activities		(12,477,663)	(3,224,654)
Cash flows from financing activities:			
Proceeds from private placement	9	27,600,000	15,329,154
Proceeds from options exercised	9	708,625	127,050
Proceeds from warrants exercised	9	4,024,184	2,443,867
Share issue costs	9	(2,022,824)	(1,056,949)
Subscriptions received	9	-	452,202
Net cash provided by financing activities		30,309,985	17,295,324
Changes in cash during the year		15,233,784	12,350,545
Cash, beginning of year		13,282,093	931,548
Cash, end of year		$ 28,515,877	$ 13,282,093

Supplemental disclosure with respect to Cash Flows (Note 11)

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

1. Nature and continuance of operations

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

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

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

2. Basis of preparation

Statement of Compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the international Accounting Standards Board ("IASB") and the International Financial Interpretations Committee ("IFRIC").

The consolidated financial statements for the year ended December 31, 2019 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 27, 2020.

Going Concern of Operations

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

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

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

The accounting policies set out below are in effect in the annual consolidated financial statements for the year ended December 31, 2019 and have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

3. Significant accounting policies

a) Basis for measurement

These consolidated financial statements have been prepared on a historical basis, except for cash and financial instruments measured at fair value.

3. Significant accounting policies (continued)

b) Basis of consolidation

These consolidated financial statements include the financial statements of Great Bear Resources Ltd. and its wholly owned subsidiary Great Bear Resources USA Corp., incorporated in California, USA. All intercompany transactions and balances have been eliminated upon consolidation.

c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency.

Transactions in foreign currencies are translated into the functional currency at exchange rates as at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date of acquisition. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

d) Critical accounting judgements and estimates

The following are the critical judgments and estimates that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Key Sources of Estimation Uncertainty and Critical Judgments

The preparation of our consolidated financial statements requires us to make judgments regarding the Company's ability to continue as a going concern as discussed in Note 2.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. The following are the critical judgments and estimates that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Deferred tax assets and liabilities

The measurement of the deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of deferred taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company's deferred tax assets and tax provisions could be affected.

3. Significant Accounting Policies (continued)

d) Critical accounting judgements and estimates (continued)

Key Sources of Estimation Uncertainty and Critical Judgments (continued)

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets do not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production or proceeds from the disposition of the mineral property interests themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its mineral property interests or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Exploration and evaluation assets

Mineral property acquisition costs and related exploration costs, including option payments, are capitalized on an individual area of interest basis until the properties are brought into production, at which time they will be amortized on a unit-of-production basis, or until the properties are abandoned, sold or management determines that the mineral property is not economically viable, at which time the unrecoverable deferred costs are written off. Option payments arising on the acquisition of mineral property interests exercisable at the discretion of the Company are recognized as paid or payable.

Mineral property acquisition costs include cash consideration and the estimated fair value of common shares or warrants on the date of issue as provided under the agreed terms of acquisition for the mineral property interest.

Capitalized exploration and evaluation costs are those directly attributable costs related to the search for, and evaluation of, mineral resources, that are incurred after the Company has obtained the legal rights to explore a specific area and before the technical feasibility and commercial viability of a mineral reserve are demonstrable. Any costs incurred prior to obtaining the right to explore a mineral property are expensed as incurred as project evaluation expense in the statement of comprehensive loss.

Management reviews the carrying value of capitalized exploration and evaluation assets each reporting period for indications of impairment. Exploration and evaluation assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where information is available, and conditions suggest impairment, the fair value of the mineral property is determined using the estimated net cash flows for the mineral property taking into account proven and probable reserves and resources, estimated future prices and operating, capital and reclamation costs. In the case of undeveloped projects, there may be only inferred or indicated resources to form a basis for the impairment review. In such cases, the impairment review is based on the exploration and evaluation results to-date and a status report regarding the Company's intentions for development of the mineral property.

Recovery of the resulting carrying value of exploration and evaluation assets depends on the successful development or sale of the undeveloped project. If a project does not prove viable, all non-recoverable costs associated with the project are written off.

Once an economically viable reserve has been determined for a property and the decision to proceed with development has been approved, acquisition, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property and equipment.

The amount presented, if any, for exploration and evaluation assets represents costs incurred to date and does not necessarily reflect present or future values.

3. Significant Accounting Policies (continued)

e) Financial instruments

Classification

Financial assets are classified at initial recognition as either: measured at amortized cost, Fair value through profit or loss (“FVTPL”), or fair value through other comprehensive income ("FVTOCI"). The classification depends on the Company’s business model for managing the financial assets and the contractual cash flow characteristics. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

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

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

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

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or the Company has opted to measure at FVTPL.

Under IFRS 9, the Company classifies its financial instruments as follows:

Cash	Amortized cost
Marketable securities	Fair value through other comprehensive income
Accounts payable, Accrued liabilities	Amortized cost

Measurement

Financial assets and liabilities at FVTPL are initially recognized at fair value and transaction costs are expensed in the consolidated statement of income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities held at FVTPL are included in the consolidated statement of loss in the period in which they arise. Where the Company has opted to designate a financial liability at FVTPL, any changes associated with the Company's credit risk will be recognized in OCI.

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost less any impairment.

Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with financial assets measured at amortized cost, contract assets and debt instruments carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. Significant Accounting Policies (continued)

f) Financial instruments (continued)

Impairment of Non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Share-based compensation

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Share-based payment arrangements in which the Company receives property or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions. If the fair value of the property or service received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the property or service.

h) Share Capital

- The proceeds from the exercise of stock options, common share purchase warrants and purchase of common shares are recorded as share capital in the amount for which the option, warrant or share enabled the holder to purchase a common share in the Company.

- Share capital issued for non-monetary consideration is recorded at an amount based on fair value of these common shares or the consideration received, whichever is more reliably estimated.

- The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis using relative fair values of common shares and warrants. The fair value of common share purchase warrants is determined using the Black- Scholes option pricing model.

- The Company may from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into: i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes as other income.

All costs related to issuances of share capital are charged against the proceeds received from the related share capital.

3. Significant Accounting Policies (continued)

i) Restoration, rehabilitation, and environmental costs

An obligation to incur rehabilitation and site restoration costs arises when an environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The Company is required to record as a liability the estimated present value of future cash flows associated with the statutory, contractual, constructive or legal obligations related to site restoration and rehabilitation when the liability is incurred, with a corresponding increase to the carrying value of the related assets.

The Company has no material restoration, rehabilitation or environmental liabilities as the disturbance to date are minimal.

j) Income Taxes

Income tax expense comprises current and deferred tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date. As the Company is in a loss position there is no current tax payable.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Loss per Common Share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per common share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options and warrants and assumes the receipt of proceeds upon exercise of the dilutive securities to determine the number of shares assumed to be purchased at the average market price during the year.

l) Comprehensive Income or Loss

Comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources and comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as Fair value through OCI will have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the statement of financial position.

3. Significant Accounting Policies (continued)

m) Recent Accounting Pronouncements

New and Revised Standards and Interpretations

i. Revised accounting pronouncements adopted during the year

IFRS 16 Leases

The newly adopted IFRS 16, Leases standard establishes principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

The Company has assessed its office lease agreement and concluded that the agreement does not constitute the ability to direct the use (right to use) of the underlying office premises on the context of IFRS 16. As such, the adoption of the above standard has not had an impact on the results and financial position of the Company.

IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The adoption of the above standard, amendments and interpretations has not had an impact on the financial statements of the Company.

4. Investment in equity instruments

FVOCI investments consists of investments in common shares of publicly traded companies, and therefore has no fixed maturity date or coupon rate. The fair value of the listed investments has been determined directly by reference to published price quotations in an active market. During the year ended December 31, 2019, the fair value of these investments increased by $252,374 (2018 – decreased by $156,122), which is recorded in other comprehensive income.

	Fair value Jan 1, 2018	Additions Dec 31, 2018	Disposals Dec 31, 2018	Fair value adjustment Dec 31, 2018	Fair value Dec 31, 2018
Common shares	$ 243,634	$ 170,500	$ -	$ (156,122)	$ 258,012
	Fair value Jan 1, 2019	Additions Dec 31, 2019	Disposals Dec 31, 2019	Fair value adjustment Dec 31, 2019	Fair value Dec 31, 2019
Common shares	$ 258,012	$ 698,180	$ -	$ 252,374	$ 1,208,566

5. Receivables

Receivables as at December 31, 2019 consist of a GST receivable balance from the Federal Government of Canada in the amount of $525,412 (December 31, 2018 - $156,717) and $8,023 receivable from a director of the Company. (December 31, 2018 - $17,349). Subsequent to the year ended December 31, 2019, the $8,023 was repaid.

6. Exploration and evaluation assets

	BA Property	Surprise Creek Property	Dixie Property	West Madsen Property	DPS Property	Total
Balance, December 31, 2017	**$ 463,202**	**$ 108,295**	**$ 657,359**	**$ 176,840**	**$ -**	**$ 1,405,696**
Additions:						
Acquisition	-	-	130,000	24,000	-	154,000
Exploration:					-	
Drilling	-	-	1,529,857	-	-	1,529,857
Geological services	1,150	-	1,055,593	2,300	-	1,059,043
Assays	-	-	535,600	-	-	535,600
Supplies, equipment, travel, permitting and shipping	-	-	205,502	-	-	205,502
Stock-based compensation	-	-	325,750	-	-	325,750
Less Recoveries:						
Option payments	(85,250)	(85,250)	-	-	-	(170,500)
JEAP payment	-	-	(100,000)	-	-	(100,000)*
Balance, December 31, 2018	**$ 379,102**	**$ 23,045**	**$ 4,339,661**	**$ 203,140**	**$ -**	**$ 4,944,948**
Additions:						
Acquisition				30,000	381,880	411,880
Exploration:						
Assays	-	-	1,698,273	-	-	1,698,273
Drilling			7,592,042	-	-	7,592,042
Geological services	-	-	2,885,098	-	36,750	2,921,848
Stock-based compensation	-	-	911,859	-	-	911,859
Supplies, equipment, travel, permitting, freight and shipping	-	-	1,014,621	-	1,000	1,015,621
Less Recoveries:						
Option payments	(302,840)	(23,045)	-	(142,500)	-	(468,385)
Balance, December 31, 2019	**$ 76,262**	**$ -**	**$ 18,441,554**	**$ 90,640**	**$ 419,630**	**$ 19,028,086**

* Amount received of $100,000 under the Junior Exploration Assistance Program ("JEAP") pursuant to the Contribution Agreement dated December 21, 2017.

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

a) Dixie Property

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

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

6. Exploration and evaluation assets (continued)

a) Dixie Property (continued)

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

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

* The purchase was accelerated on November 19, 2018, where the Company accelerated the remaining payments totaling $110,000 and acquired 100% in Dixie Property.

b) West Madsen Property

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

On August 29, 2017, the Company signed a purchase agreement to acquire 100% ownership of additional claims expanding the West Madsen gold project. The Company also purchased all Net Smelter Royalties ("NSR") on the West Madsen project for payment of 200,000 shares.

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

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

During the year ended December 31, 2019, the Company paid $30,000 to 1544230 Ontario Inc. pursuant to the option agreement.

On May 22, 2019, Great Bear entered into an agreement with GoldON Resources Ltd. (TSX-V: GLD, "GoldON") wherein GoldON has the option to earn an initial 60% interest, and a subsequent 100% interest in Great Bear's West Madsen property.

In order to earn an initial 60% interest in the property, GoldON must:

(a) incur minimum exploration expenditures on the property, as follows:

I. $100,000 on or before the first anniversary of the Definitive Agreement;

II. a cumulative total of not less than $350,000 on or before the second anniversary of the Definitive Agreement;

III. a cumulative total of not less than $750,000 on or before the third anniversary of the Definitive Agreement; and

(b) pay cash to Great Bear as follows:

I. $50,000 within 10 days of signing a Definitive Agreement; received **

6. Exploration and evaluation assets (continued)

b) West Madsen Property (continued)

II. $50,000 on or before the date that is 10 days after the first anniversary of the Definitive Agreement; and

III. $75,000 on or the date that is 10 days after the second anniversary of the Definitive Agreement; and

(c) issue common shares of GoldON to Great Bear as follows:

I. 250,000 Shares within 10 days of signing the Definitive Agreement; received **

II. 250,000 Shares on or before the date that is 10 days after the first anniversary of the Definitive Agreement; and

III. 375,000 Shares on or the date that is 10 days after the second anniversary of the Definitive Agreement.

In order to earn an additional 40% interest, for a total of 100% interest, GoldON must:

(a) incur additional exploration expenditures on the property of at least $750,000 on or before the fourth anniversary of the Definitive Agreement, and

(b) pay $500,000 cash or issue 500,000 Shares to Great Bear at GoldON's election on or the date that is 15 days after the third anniversary of the Definitive Agreement.

Great Bear will retain a 2.5% Net Smelter Return royalty after GoldON completes the initial 60% earn-in. GoldON shall have the right to buy back 1% of the Royalty for $500,000 at any time prior to a production decision being made on all or part of the Property.

** During the year ended December 31, 2019, the Company received $50,000 and 250,000 common shares pursuant to the agreement with GoldOn. The fair value of these shares was $92,500.

c) BA Property and Surprise Creek Property

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

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

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

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

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

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

6. Exploration and evaluation assets (continued)

c) BA Property and Surprise Creek Property (continued)

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

* Deferred to March 20, 2019 in exchange for additional Mountain Boy shares. On March 15, 2019, the Company received 323,000 shares of Ascot Resources Ltd ("Ascot") in settlement of the $300,000 due from Mountain Boy to Great Bear. The fair value of these shares was $293,930.
** During the year ended December 31, 2019, the Company and Mountain Boy entered into an agreement to settle the cash payment of $350,000 due on August 20, 2019 by the delivery to Great Bear of 425,000 freely tradeable shares of Ascot. Great Bear agreed to accept the Ascot shares as full settlement for the August 2019 payment. The fair value of these shares on the date of issuance was $216,750.
*** Subsequent to the year ended December 31, 2019, the Company received 500,000 (2,500,000 pre-consolidation) Mountain Boy shares valued at $120,000.

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

In April 2018, the Company received 500,000 (2,500,000 pre-consolidation) Mountain Boy shares valued at $137,500. They were recorded as a recovery to offset expenditures for BA and Surprise Creek Properties.

On October 18, 2018, Mountain Boy issued 120,000 (600,000 pre-consolidation) common shares to Great Bear in consideration for extending a cash payment due August 20, 2018 to March 20, 2019.

On October 26, 2018, Mountain Boy announced a share consolidation of five-old-for-one-new (5:1) common share in Mountain Boy. Trading on a post-consolidated basis began on November 12, 2018.

During the year ended December 31, 2019, the Company received 323,000 shares of Ascot Resources Ltd ("Ascot") in settlement of the $300,000 due from Mountain Boy to Great Bear on March 20, 2019. The fair value of these shares was $293,930, which was recorded as a recovery of the exploration and evaluation assets balance of $146,965 against BA Property and $23,045 against Surprise Creek Property. The remaining amount of $123,920 was recorded as other income in the Statement of Loss and Comprehensive Loss.

During the year ended December 31, 2019, the Company received 500,000 (2,500,000 pre-consolidation) Mountain Boy shares valued at $95,000.

6. Exploration and evaluation assets (continued)

d) Dedee Property, Pakwash Property and Sobel Property ("DPS Property")

On March 1, 2019, the Company acquired three properties in the Red Lake District of Northwest Ontario pursuant to the following terms:

	Dedee Property	Pakwash Property	Sobel Property	Total
Signing of agreement	$ 6,000 (paid)	$ 10,000 (paid)	$ 10,000 (paid)	$ 26,000 (paid)
Within 7 days of TSX Acceptance	15,000 shares (issued)	25,000 shares (issued)	30,000 shares (issued)	70,000 shares (issued)
One year after effective date	$ 10,000	$ 8,000	$ 12,000	$ 30,000 *
Two years after effective date	$ 12,000	$ 12,000	$ 20,000	$ 44,000
Three years after effective date	$ 16,000	$ 15,000	$ 20,000	$ 51,000
Four years after effective date	$ 24,000	$ 20,000	$ Nil	$ 44,000

* Subsequent to the year ended December 31, 2019, the Company paid $30,000 to 1544230 Ontario Inc. pursuant to the option agreement.

On March 11, 2019, the Company paid $26,000 to 1544230 Ontario Inc. pursuant to the option agreement.

On April 5, 2019, the Company issued 70,000 shares pursuant to the option agreement. The fair value of these shares on the date of issuance was $229,600.

On April 5, 2019, the Company elected to buy out all the outstanding royalties on the newly optioned properties (Dedee Property, Pakwash Property, Sobel Property) for total consideration of 38,500 shares of Great Bear. The fair value of these shares on the date of issuance was $126,280.

The schedule of optional payments for all of the optioned properties can be accelerated at any time at the Company's discretion in order to achieve full ownership at an earlier date. The options may also be terminated at any time subsequent to the initial cash and share payment.

7. Accounts payable and accrued liabilities

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

	Note		December 31, 2019		December 31, 2018
Accounts payable to third parties		$	1,114,741	$	219,025
Accrued liabilities to third parties			301,022		296,022
Accounts payable to related parties	10		2,625		460
Accrued liability to related parties	10		3,125		3,125
Total		**$**	**1,421,513**	$	**518,632**

Included in accrued liabilities is an amount of $271,022 which has been outstanding for over ten years. Management has disputed this balance owing and does not believe the Company is required to pay this amount. The Company will continue to review current statutes and is seeking legal advice to determine when the amount can be de-recognized from the financial statements.

8. Flow-through liability

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

Balance at December 31, 2017	**$**	**71,442**
Liability incurred on flow-through shares issued during the year		1,189,346
Settlement of flow-through share liability on incurred expenditures		(447,388)
Balance at December 31, 2018	**$**	**813,400**
Liability incurred on flow-through shares issued during the year		6,520,000
Settlement of flow-through share liability on incurred expenditures		(2,566,551)
Balance at December 31, 2019	**$**	**4,766,849**

In November 2018, the Company issued 1,000,000 flow-through common shares at a price of $3.50 per share for gross proceeds of $3,500,000. A premium of $1.06 per share was recorded for the flow-through shares.

During the year ended December 31, 2018, the Company incurred $2,257,224 of eligible flow-through expenditure, representing 100% of the previous commitment from flow-through share issuance in December 2017, 100% of the flow-through share issuance in May 2018, and 23% of the flow-through share issuance in November 2018. A total premium liability of $447,388 was amortized to Other Income on the Statement of Operations and Comprehensive Loss.

In July 2019, the Company issued 2,000,000 flow-through common shares at a price of $5.45 per share for gross proceeds of $10,900,000. A premium of $1.17 per share was recorded for the flow-through shares.

In November 2019, the Company issued 2,000,000 flow-through common shares at a price of $8.35 per share for gross proceeds of $16,700,000. A premium of $2.09 per share was recorded for the flow-through shares.

During the year ended December 31, 2019, the Company incurred $10,852,142 of eligible flow-through expenditure, representing 100% of the flow-through share issuance in November 2018 and 75% of the flow-through share issuance in July 2019. A total premium liability of $2,566,551 was amortized to Other Income on the Statement of Operations and Comprehensive Loss.

9. Share capital

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

a) Authorized

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

b) Issued

<u>Year ended December 31, 2019</u>

On July 3, 2019, Great Bear closed a “bought deal” private placement financing (the “Offering”). Upon closing of the Offering, the Company issued 2,000,000 flow-through common shares at a price of $5.45 per flow-through common share, for aggregate gross proceeds of $10,900,000.

In connection with the Offering, the Company paid fees totaling $809,270, which are comprised of a cash commission of 6% of the gross proceeds of the Offering and reimbursement of expenses and fees. A flow-through liability of $2,340,000 was recorded in connection with the flow-through offering (Note 8).

9. Share capital (continued)

b) Issued (continued)

Year ended December 31, 2019 (continued)

The aggregate proceeds raised of $10,900,000 have been allocated as follows

		Allocation		
Gross proceeds	Common shares	Warrants	Flow-through premium liability	Finder's fees and share issue costs
$ 10,900,000	$ 8,560,000	$ Nil	$ 2,340,000	$ 809,270

On November 28, 2019, Great Bear closed a "bought deal" private placement financing (the "Offering"). Upon closing of the Offering, the Company issued 2,000,000 flow-through common shares at a price of $8.35 per flow-through common share, for aggregate gross proceeds of $16,700,000.

In connection with the Offering, the Company paid fees totaling $1,213,552, which are comprised of a cash commission of 6% of the gross proceeds of the Offering and reimbursement of expenses and fees. A flow-through liability of $4,180,000 was recorded in connection with the flow-through offering (Note 8).

The aggregate proceeds raised of $16,700,000 have been allocated as follows

		Allocation		
Gross proceeds	Common shares	Warrants	Flow-through premium liability	Finder's fees and share issue costs
$ 16,700,000	$ 12,520,000	$ Nil	$ 4,180,000	$ 1,213,554

During the year ended December 31, 2019, 5,031,802 common shares were issued upon warrant exercise for a total of $4,024,184 and 576,500 shares were issued upon option exercise for gross proceeds of $708,625.

$2,314,780 was reallocated from reserves to share capital. The Company also issued 108,500 common shares for mineral properties. The fair value of these shares on the date of issuance was $355,880 (Note 6d).

Year ended December 31, 2018

On November 14, 2018, Great Bear closed a "bought deal" private placement financing (the "Financing"). Upon closing of the Offering, the Company issued 1,000,000 flow-through common shares at a price of $3.50 per flow-through share, for aggregate gross proceeds of $3,500,000. In connection with the Offering, the Company paid fees totaling $357,442, which are comprised of a cash commission of 6% of the gross proceeds of the Offering and reimbursement of expenses and fees.

The aggregate proceeds raised of $3,500,000 have been allocated as follows

		Allocation		
Gross proceeds	Common shares	Warrants	Flow-through premium liability	Finder's fees and share issue costs
$ 3,500,000	$ 2,440,000	$ Nil	$ 1,060,000	$ 357,442

9. Share capital (continued)

b) Issued (continued)

Year ended December 31, 2018 (continued)

On September 11, 2018, the Company completed a brokered and non-brokered private placement for gross proceeds of $10,073,905. The non-brokered portion of the Financing consisted of 3,016,586 units for gross proceeds of $4,374,055, and the brokered portion of the Financing consisted of 3,930,932 units for gross proceeds of $5,699,850.

In connection with the Financing, the Company issued a total of 6,947,518 units each consisting of one common share and one half of one common share purchase warrant (each, a "unit") at a price of $1.45 per unit. Each whole warrant will be exercisable into a common share of the Company at a price of $1.75 for a period of two years.

In closing the placement, the Company incurred share issue costs of $603,422, including 412,659 broker's warrants valued at $453,835. Each broker warrant will entitle the holder to purchase a unit at a price of $1.45 for a period of one year from the date of closing. Each unit issuable upon exercise of a broker warrant will consist of one common share of Great Bear and one-half of one warrant. Each whole warrant will be exercisable into a common share of the Company at a price of $1.75 for a period of two years from the date of closing.

The aggregate proceeds raised of $10,073,905 have been allocated as follows:

		Allocation		
Gross proceeds	Common shares	Warrants	Flow-through premium liability	Finder's fees and share issue costs
$ 10,073,905	$ 7,656,060	$ 2,417,845	$ Nil	$ 603,422

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

	December 31, 2018
Expected dividend yield	0 %
Weighted average risk-free interest rate	2.11%
Weighted average expected life	2 years
Weighted average expected volatility	117.41%

On May 23, 2018 the Company completed a non-brokered private placement for gross proceeds of $1,755,249 pursuant to the issuance of:

- 1,635,000 non-flow-through units at a price of $0.50, consisting of one common share and one-half-of-one common share purchase warrant entitling the holder to acquire one additional common share at a price $0.70 per share for a period of two years; and
- 1,616,814 flow-through units at a price of $0.58, consisting of one common share and one-half-of-one common share purchase warrant entitling the holder to acquire one additional common share at a price $0.70 per share for a period of two years. A flow-through liability of $129,346 was recorded in connection with the flow-through offering (Note 8).

In closing the placement, the Company incurred share issue costs of $96,085, including 137,100 broker's warrants valued at $39,398. The broker's warrants have the same terms as the non-flow-through and flow-through warrants.

9. Share capital (continued)

b) Issued (continued)

Year ended December 31, 2018 (continued)

The aggregate proceeds raised have been allocated as follows:

	Allocation			
Gross proceeds	Common shares	Warrants	Flow-through premium liability	Finder's fees and share issue costs
$ 1,755,249	$ 1,245,193	$ 380,710	$ 129,346	$ 96,085

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

	December 31, 2018
Expected dividend yield	0 %
Weighted average risk-free interest rate	2.02 %
Weighted average expected life	2 years
Weighted average expected volatility	138.42%

During the year ended December 31, 2018, 7,554,590 common shares were issued upon warrant exercise for a total of $2,443,867.

During the year ended December 31, 2018, 203,000 common shares were issued upon option exercise for gross proceeds of $127,050. $608,837 was reallocated from reserves to share capital.

c) Share purchase warrants

Warrant transactions are summarized as follows:

	December 31, 2019		***December 31, 2018***	
	Number of warrants	*Weighted Average Exercise Price*	*Number of warrants*	*Weighted Average Exercise Price*
Balance, beginning of year	8,152,492	$ 1.05	10,381,876	$ 0.30
Granted	142,117	$ 1.75	5,687,939	$ 1.39
Exercised	(5,031,802)	$ 0.80	(7,554,590)	$ 0.28
Expired	(101,362)	$ 0.83	(362,733)	$ 0.27
Balance, end of year	3,161,445	$ 1.49	8,152,492	$ 1.05

As at December 31, 2019, the following warrants were outstanding and exercisable:

Warrants Outstanding	Warrants Exercisable	Exercise price	Weighted Average Remaining Life (in years)	Expiry date
836,507	836,507	$ 0.70	0.39	May 23, 2020
2,324,938	2,324,938	$ 1.75	0.70	September 11, 2020
3,161,445	3,161,445	$ 1.47	0.62	

9. Share capital (continued)

d) Stock options

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

On February 21, 2019, the Company granted an aggregate of 500,000 stock options to officers, directors, advisors and consultants of the Company, exercisable at $3.72 per share for a period of five years. The options are subject to a four-month hold.

On July 24, 2019, the Company granted an aggregate of 400,000 stock options to officers, directors, advisors and consultants of the Company, exercisable at $5.31 per share for a period of five years. The options are subject to a four-month hold.

On October 10, 2019, the Company granted an aggregate of 35,000 stock options to consultants of the Company, exercisable at $7.68 per share for a period of five years. The options are subject to a four month hold period.

On November 18, 2019, the Company granted an aggregate of 125,000 stock options to a new employee of the Company, exercisable at $6.57 per share for a period of five years. Fifty percent of the options vest after an initial four month hold period, while the remaining fifty percent vest on November 18, 2020.

The fair value of stock options awarded in February, July, October and November 2019 was $3.33, $4.79, $6.31 and $5.78, respectively was determined using the Black-Scholes Option Pricing Model with assumptions as follows:

	December 31, 2019	December 31, 2018
Expected dividend yield	0%	0%
Weighted average risk-free interest rate	1.36-1.81%	1.99-2.32%
Weighted average expected life	5 years	5 years
Weighted average expected volatility	143-163%	142-167%

The share-based compensation for the year ended December 31, 2019 was $3,929,314. From this amount, $911,859 was capitalized to Mineral Properties as the options were granted to exploration staff and consultants.

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

	December 31, 2019		*December 31, 2018*	
	Number of stock options	*Weighted Average Exercise Price*	*Number of stock options*	*Weighted Average Exercise Price*
Balance, beginning of year	3,349,000	$ 0.91	1,411,000	$ 0.31
Granted	1,060,000	$ 4.79	2,145,000	$ 1.27
Expired	-	-	(4,000)	$ 0.75
Exercised	(576,500)	$ 1.23	(203,000)	$ 0.63
Balance, end of year	3,832,500	$ 1.93	3,349,000	$ 0.91

9. Share capital (continued)

d) Stock options (continued)

As at December 31, 2019, the following stock options were outstanding and exercisable:

Options Outstanding	Options Exercisable	Exercise price	Weighted Average Remaining Life (in years)	Expiry date
880,000	880,000	$ 0.23	1.67	September 1, 2021
190,000	190,000	$ 0.36	2.78	October 11, 2022
445,000	445,000	$ 0.51	3.17	March 1, 2023
292,500	292,500	$ 0.55	3.53	July 11, 2023
990,000	990,000	$ 1.85	3.72	September 20, 2023
475,000	475,000	$ 3.72	4.15	February 21, 2024
400,000	400,000	$ 5.31	4.57	July 24, 2024
35,000	35,000	$ 7.68	4.78	October 10, 2024
125,000	125,000	$ 6.57	4.89	November 18, 2024
3,832,500	3,832,500		3.50	

10. Related party transactions

Key management compensation paid and accrued to directors, officers and companies in which directors and officers are shareholders and employees during the year ended December 31, 2019 and 2018 are as follows:

		December 31, 2019		**December 31, 2018**
Director fees	$	60,000	$	30,000
Geological fees capitalized to resource properties		225,000		109,750
Management and consulting fees		612,500		497,450
Share-based compensation		1,514,734		1,169,350
Total	$	2,412,234	$	1,806,550

As at December 31, 2019, $2,625 (December 31, 2018 - $460) is payable to officers and director of the Company. The accrued liabilities included $3,125 (December 31, 2018 - $3,125), owing to various officers and directors of the Company and companies, controlled by or having common officers and/or directors. These balances are non-interest bearing with no specific terms of repayment and are unsecured.

11. Supplementary cash-flow information

Non-cash transactions are as follows:

		December 31, 2019		**December 31, 2018**
Finders' warrants	$	231,612	$	493,233
Mineral properties and exploration expenditures included in accounts payable	$	756,121	$	159,348
Shares issued for acquisition of exploration and evaluation assets	$	355,880	$	-
Shares received for exploration and evaluation assets	$	698,180	$	170,500

12. Commitments

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

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

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

b) Flow-Through Shares

During November 2018, the Company issued 1,000,000 flow-through shares committing to spend $3,500,000 in qualifying exploration expenditures in 2018 and 2019. As at December 31, 2019, 100% of the above commitment was fulfilled (Note 8).

During July 2019, the Company issued 2,000,000 flow-through shares and, as a result, committed to spend $10,900,000 in qualifying expenditures in 2019 and 2020. As at December 31, 2019, 75% of this commitment was fulfilled (Note 8).

During November 2019, the Company issued 2,000,000 flow-through shares and, as a result, committed to spend $16,700,000 in qualifying expenditures in 2019 and 2020. As at December 31, 2019, none of this commitment was fulfilled (Note 8).

c) Employment and Consulting Agreement

The Company has entered into an employment agreement with a director and officer of the Company. If this agreement is terminated by the Company without just cause, the Company is required to make a payment equal to the employee’s annual base salary then in effect plus 50% of the most recently granted bonus. If there is a change in control and either party terminates this agreement within 12 months of the change in control, the Company is required to pay the employee an amount equal to 36 months of the employee’s base salary and 50% of the most recent bonus granted to the employee.

The Company has entered into a consulting agreement with a director and officer of the Company. If this agreement is terminated by the Company without just cause, the Company is required to make a payment equal to the officer’s annual base fee then in effect. If there is a change in control and either party terminates this agreement within 12 months of the change in control, the Company is required to pay the officer an amount equal to 36 months of the officer’s base fee.

13. Financial and capital risk management

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

a) Liquidity Risk

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

13. Financial and capital risk management (continued)

b) Credit Risk

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

c) Interest Rate Risk

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

d) Price Risk

Investments in equity instruments which are classified as fair value through other comprehensive income and are measured at fair value, are listed on public stock exchanges, including TSX-V and OTC-QB. Recently, the markets have experienced extreme volatility. Therefore, sensitivity analysis is performed using 15%. For such investments, a 15% increase in equity prices as at December 31, 2019 would have increased investments in equity instruments by $181,285. An equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

e) Fair Value Hierarchy

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

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

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

The following table illustrates the classification of the Company’s financial instruments within the fair value hierarchy as at December 31, 2019 and December 31, 2018:

	Classification	Fair Value Hierarchy	**December 31, 2019 Fair Value**	**December 31, 2018 Fair Value**
Financial Assets:				
Cash	FVTPL	1	$ 28,515,877	$ 13,282,093
Investments in equity instruments	FVOCI	1	$ 1,208,566	$ 258,012

There were no transfers between Level 1, 2 and 3 in the year. The estimated fair value of financial instruments approximates their carrying values due to the short-term nature of these instruments.

14. Financial and capital risk management

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

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-form prospectuses, private placements, sell assets, incur debt, or return capital to shareholders. There were no changes in the Company's approach to capital management during the period. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. As at December 31, 2019, the Company is not subject to externally imposed capital requirements.

15. Segmented information

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

16. Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statements of comprehensive loss for the years ended December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Net loss before tax	(2,443,708)	(3,294,528)
Statutory tax rate	27.0%	27.0%
Expected income tax (recovery)	(659,801)	(889,523)
Non-deductible items	853,615	482,853
Tax impact of flow-through shares	1,436,411	609,450
Share issuance cost	(608,698)	-
Change in deferred tax assets not recognized	(1,021,527)	(202,780)
Total income tax expense (recovery)	-	-

The significant components of the Company's deferred income tax assets (liabilities) are as follows:

	December 31, 2019	December 31, 2018
Deferred tax assets		
Non-capital losses carryforwards	965,540	-
	965,540	-
Deferred tax liabilities		
Exploration and evaluation assets	(947,972)	-
Investment in equity instruments	(17,568)	-
	(965,540)	-
Net deferred tax assets (liabilities)	-	-

16. Income taxes (continued)

The unrecognized deductible temporary differences as at December 31, 2019 and 2018 are comprised of the following:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Non capital loss carryforwards	$ 6,444,269	$ 7,097,846
Exploration and evaluation assets	-	4,655,379
Financing costs	2,879,982	1,293,353
Marketable securities	-	122,211
Unrecognized deductible temporary differences	$ 9,324,251	$ 13,168,789

As at December 31, 2019, the Company has non capital loss carryforwards of approximately 6,444,269 (2018 - $7,097,846) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	Amount
2027	$ -
2028	-
2029	-
2030	-
2031	-
2032	-
2033	-
2034	486,908
2035	323,423
2036	364,513
2037	504,540
2038	1,842,387
2039	2,922,498
TOTAL	**$ 6,444,269**

17. Subsequent events

Subsequent to year ended December 31, 2019, the following events took place:

- On January 31, 2020, Great Bear announces that is has entered into a 2.0% net smelter return royalty agreement (the "NSR Royalty") with a newly incorporated wholly owned subsidiary named Great Bear Royalties Corp. ("Great Bear Royalties"). Great Bear plans to transfer the NSR Royalty, approximately $1 million in marketable securities currently owned by the Company, and $0.5 million in cash into Great Bear Royalties, which together will be the initial assets for a new royalty company. Once the assets are transferred it is intended that the shares of Great Bear Royalties will be distributed to Great Bear shareholders via a plan of arrangement. The transaction was approved at a meeting of the shareholders on April 23, 2020.

- On January 31, 2020, the Company granted an aggregate of 710,000 stock options to employees, directors, consultants and advisors of the Company, exercisable at $8.67 per share for a period of five years. The options are subject to a four month hold period.

- On February 25, 2020, the Company received 500,000 (2,500,000 pre-consolidation) Mountain Boy shares valued at $120,000 (Note 6).

17. Subsequent events (continued)

- Additional 735,498 shares were issued upon exercise of warrants for the total proceeds of $818,604 and 160,000 shares were issued upon exercise of options for the total proceeds of $200,000.

- There was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Great Bear as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may/ be put, in place by Canada and other countries to fight the virus.