



Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

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

	Sept 30, 2020	Dec 31, 2019
Assets		
Cash	\$ 47,009,340	\$ 28,515,877
Investments in equity instruments (Note 5)	578,100	1,208,566
Receivables (Note 6)	718,427	533,435
Prepaid expenses	448,199	226,141
	48,754,066	30,484,019
Exploration and evaluation assets (Note 7)	38,245,867	19,028,086
Total assets	\$ 86,999,933	\$ 49,512,105
Liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 2,783,493	\$ 1,421,513
Flow-through premium liability (Note 9)	9,931,210	4,766,849
Total liabilities	12,714,703	6,188,362
Equity		
Share capital (Note 10)	86,797,649	55,559,573
Contributed surplus (Note 10)	16,108,142	11,894,093
Accumulated other comprehensive income	(146,199)	166,928
Deficit	(28,474,362)	(24,296,851)
Total equity	74,285,230	43,323,743
Total liabilities and equity	\$ 86,999,933	\$ 49,512,105

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

“Doug Ramshaw” Director

“David Terry” Director

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

GREAT BEAR RESOURCES LTD.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian Dollars) – Unaudited

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2020	2019	2020	2019
Expenses				
Consulting	\$ 57,827	\$ 53,000	\$ 177,485	\$ 320,092
Director fees (Note 11)	36,831	15,000	83,331	45,000
Management fees	175,167	88,500	618,167	442,500
Office and administration	51,711	133,900	215,810	375,620
Professional fees	15,769	17,039	529,517	100,347
Share-based compensation (Note 10d)	90,746	1,498,656	5,532,489	2,731,630
Transfer agent and filing fees	31,419	15,708	218,377	53,582
Marketing expense	97,635	232,614	389,972	615,918
Total expenses	(557,105)	(2,054,417)	(7,765,148)	(4,684,689)
Other income				
Interest income	90,604	107,702	288,972	241,868
Other income	2,067,299	801,365	4,753,203	1,786,185
Total other income	2,157,903	909,067	5,042,175	2,028,053
Net income/(loss) for the period	\$ 1,600,798	\$ (1,145,350)	\$ (2,722,973)	\$ (2,656,636)
Change in the fair value of equity instruments (Note 5)	(111,599)	(26,010)	(313,127)	(10,550)
Net comprehensive income/(loss) for the period	\$ 1,489,199	\$ (1,171,360)	\$ (3,036,100)	\$ (2,667,186)
Basic and diluted earnings/(loss) per common share	\$ 0.03	\$ (0.03)	(0.06)	\$ (0.07)
Weighted average number of common shares outstanding	51,385,357	42,750,027	49,139,759	39,563,666

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

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars) – Unaudited

	Common Shares		Contributed Surplus	AOCI	Deficit	Total
	Number	Amount				
Balance at December 31, 2018	37,133,611	\$ 29,330,540	\$ 10,047,947	\$ (85,446)	\$ (21,853,143)	\$ 17,439,898
Shares issued in private placement	2,000,000	8,560,000	-	-	-	8,560,000
Shares issued for mineral property	108,500	355,880	-	-	-	355,880
Share-based compensation	-	-	3,664,389	-	-	3,664,389
Shares issued on exercise of options	481,500	565,275	-	-	-	565,275
Shares issued on exercise of warrants	4,228,977	3,655,164	-	-	-	3,655,164
Share issue costs – finders' warrants	-	(231,612)	231,612	-	-	-
Share issue costs – cash	-	(809,270)	-	-	-	(809,270)
Change in fair value of equity investments	-	-	-	(10,550)	-	(10,550)
Reclass of contributed surplus	-	2,034,531	(2,034,531)	-	-	-
Net loss for the period	-	-	-	-	(2,656,636)	(2,656,636)
Balance at September 30, 2019	43,952,588	\$ 43,460,508	\$ 11,909,417	\$ (95,996)	\$ (24,509,779)	\$ 30,764,150
Balance at December 31, 2019	46,850,413	\$ 55,559,573	\$ 11,894,093	\$ 166,928	\$ (24,296,851)	\$ 43,323,743
Shares issued pursuant to the Offering (Note 10b)	2,195,600	23,886,480	-	-	-	23,886,480
Shares issued for Dixie Property (Note 7)	100,000	1,155,000	-	-	-	1,155,000
Share-based compensation (Note 10d)	-	-	6,960,620	-	-	6,960,620
Shares issued on exercise of options (Note 10d)	572,500	1,031,275	-	-	-	1,031,275
Shares issued on exercise of warrants (Note 10c)	3,161,445	4,654,196	-	-	-	4,654,196
Share issuance costs (Note 10b)	-	(2,212,456)	-	-	-	(2,212,456)
Change in fair value equity investments	-	-	-	(313,127)	-	(313,127)
Reclass of contributed surplus	-	2,746,571	(2,746,571)	-	-	-
Net loss for the period	-	-	-	-	(2,722,973)	(2,722,973)
Allocation to Royalties Corp. for warrants exercised in GBR (Note 2)	-	(22,990)	-	-	-	(22,990)
Distribution of assets pursuant to the Arrangement (Note 2)	-	-	-	-	(1,454,538)	(1,454,538)
Balance at September 30, 2020	52,879,958	\$ 86,797,649	\$ 16,108,142	\$ (146,199)	\$ (28,474,362)	\$ 74,285,230

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

GREAT BEAR RESOURCES LTD.
Condensed Interim Consolidated Statements of Cash Flow
(Expressed in Canadian Dollars) – Unaudited

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2020	2019	2020	2019
Net income/(loss) for the period	\$ 1,600,798	\$ (1,145,350)	\$ (2,722,973)	\$ (2,656,636)
Adjusted for:				
Other income	(2,067,299)	(801,365)	(4,753,203)	(1,786,185)
Share-based compensation (Note 10)	90,746	1,498,656	5,532,489	2,731,630
Changes in working capital items				
Accounts payable and accrued liabilities	(541,558)	(977,133)	(77,437)	28,395
Prepaid expenses	(299,849)	(27,162)	(222,058)	(29,324)
Receivables	(8,649)	89,581	(184,992)	(305,203)
Net cash used in operating activities	\$ (1,225,811)	\$ (1,362,773)	\$ (2,428,174)	\$ (2,017,323)
Expenditures on exploration and evaluation assets	(4,569,651)	(2,461,460)	(15,082,588)	(7,385,724)
Recoveries on exploration and evaluation assets	-	-	50,000	-
Distribution of cash pursuant to the Arrangement (Note 2)	-	-	(500,000)	-
Net cash used in investing activities	\$ (4,569,651)	\$ (2,461,460)	\$ (15,532,588)	\$ (7,385,724)
Proceeds from the Offering (Note 10)	-	10,900,000	33,004,200	10,900,000
Proceeds from options exercised (Note 10)	487,025	304,950	1,031,275	565,275
Proceeds from warrants exercised (Note 10)	3,404,632	1,940,553	4,654,196	3,655,164
Share issue costs (Note 10)	(1,407)	(776,370)	(2,212,456)	(809,270)
Proceeds from warrants exercised allocated to Royalties Corp.	(21,232)	-	(22,990)	-
Net cash provided by financing activities	\$ 3,869,018	\$ 12,369,133	\$ 36,454,225	\$ 14,311,169
(Decrease)/increase in cash	(1,926,444)	8,544,900	18,493,463	4,908,122
Cash, beginning of period	48,935,784	9,645,315	28,515,877	13,282,093
Cash, end of period	\$ 47,009,340	\$ 18,190,215	\$ 47,009,340	\$ 18,190,215

Supplemental disclosure with respect to the condensed interim consolidated statement of cash flows (Note 12)

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

GREAT BEAR RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2020 and 2019
(Expressed in Canadian Dollars) – Unaudited

1. Nature and continuance of operations

Great Bear Resources Ltd. (the “Company” or “Great Bear”) is a Canadian publicly traded mineral exploration company headquartered in Vancouver, BC, that is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “GBR”. 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 focused in the prolific Red Lake District in Northwestern Ontario, where the company controls over 300 km² of highly prospective tenure across 4 projects: the flagship Dixie Project, and the Pakwash Property, the Dedee Property, and the Sobel Property.

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.

During the nine months ended September 30, 2020, 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.

2. Plan of Arrangement

On May 5, 2020, the Company completed a share capital reorganization by way of statutory plan of arrangement (the “Arrangement”) whereby all common shares of Great Bear Royalties Corp. (“Royalties Corp”) held by the Company were distributed to shareholders of Great Bear, as a return of capital.

As part of the Arrangement, the Company transferred to Royalties Corp:

- \$500,000 in cash;
- Marketable securities with fair value of \$954,538; and
- A two percent (2%) net smelter return (“NSR”) royalty agreement on all potential future mineral production at the Company’s Dixie Property

Upon completion of the Arrangement, Great Bear shareholders were issued 12,008,113 common shares in Royalties Corp, proportionate to their holdings of Great Bear.

Upon completion of the Arrangement, Great Bear share option holders were issued 1,091,875 share options in Royalties Corp.

Pursuant to the Arrangement, Great Bear warrant holders received, upon exercise of any Great Bear warrant (the “GBR Warrants”), for the original exercise price, one common share of Great Bear and one-fourth of a Royalties Corp. share. In return, the Company will remit to Royalties Corp its proportionate share of the proceeds from the warrants exercised. During the nine months ended September 30, 2020, all GBR Warrants have been exercised.

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3. Basis of preparation

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”). Certain disclosures required by IFRS have been condensed or omitted in the following note disclosures as they are disclosed or have been disclosed on an annual basis only. Accordingly, these condensed interim financial statements should be read in conjunction with the financial statements for the years ended December 31, 2019 and 2018, which have been prepared in accordance with IFRS.

b) Going Concern of Operations

These condensed interim 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.

4. Significant accounting policies

a) Basis for measurement

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

The accounting policies in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the years ended December 31, 2019 and 2018.

b) Basis of consolidation

These condensed interim 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) Critical accounting judgements and estimates

Judgements, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgments, estimates and assumptions made by management in applying the Company's accounting policies were the same as those that applied to the Company's audited financial statements for the years ended December 31, 2019 and 2018.

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5. Investment in equity instruments

At December 31, 2018	\$	258,012
Additions		698,180
Change in the fair value of equity instruments		252,374
At December 31, 2019	\$	1,208,566
Additions		637,199
Distributed as part of the Arrangement (Note 2)		(954,538)
Change in the fair value of equity instruments		(313,127)
At September 30, 2020	\$	578,100

6. Receivables

	Sept 30, 2020	Dec 31, 2019
GST receivables	\$ 718,427	\$ 525,412
Other receivables	-	8,023
	\$ 718,427	\$ 533,435

7. Exploration and evaluation assets

	Dixie Property	DPS Property	West Madsen Property	BA Property	Surprise Creek Property	Total
Balance, December 31, 2018	\$ 4,339,661	\$ -	\$ 203,140	\$ 379,102	\$ 23,045	\$ 4,944,948
<u>Additions:</u>						
Acquisition		381,880	30,000			411,880
<u>Exploration:</u>						
Assays	1,698,273	-	-	-	-	1,698,273
Drilling	7,592,042	-	-	-	-	7,592,042
Geological services	2,885,098	36,750	-	-	-	2,921,848
Share-based compensation	911,859	-	-	-	-	911,859
Supplies, equipment, travel, permitting, freight and shipping	1,014,621	1,000	-	-	-	1,015,621
<u>Less Recoveries:</u>						
Option payments	-	-	(142,500)	(302,840)	(23,045)	(468,385)
Balance, Dec 31, 2019	\$18,441,554	\$ 419,630	\$ 90,640	\$ 76,262	\$ -	\$19,028,086
<u>Additions:</u>						
Acquisition	-	30,000	16,000	-	-	46,000
Cash payments made pursuant to exploration agreements	325,970	-	-	-	-	325,970
Shares issued pursuant to exploration agreements	1,155,000	-	-	-	-	1,155,000
<u>Exploration:</u>						
Assays	2,496,972	-	-	-	-	2,496,972
Drilling	8,917,877	-	-	-	-	8,917,877
Geological services	3,953,192	-	-	-	-	3,953,192
Share-based compensation	1,428,131	-	-	-	-	1,428,131
Supplies, equipment, travel, permitting, freight and shipping	822,254	32,313	-	-	-	854,567
Surveying	-	206,974	-	-	-	206,974
<u>Less Recoveries:</u>						
Option payments	-	-	(90,640)	(76,262)	-	(166,902)
Balance, Sept 30, 2020	\$37,540,950	\$ 688,917	\$ 16,000	\$ -	\$ -	\$38,245,867

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

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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.

8. Accounts payable and accrued liabilities

	Sept 30, 2020	Dec 31, 2019
Accounts payable to third parties	\$ 2,623,302	\$ 1,114,741
Accrued liabilities to third parties	32,500	301,022
Accounts payable to related parties	13,496	2,625
Accrued liabilities to related parties	114,195	3,125
	\$ 2,783,493	\$ 1,421,513

9. Flow-through liability

At December 31, 2018	\$ 813,400
Liability arising from issuance of flow-through shares	6,520,000
Settlement of liability due to qualified expenditures incurred	(2,566,551)
At December 31, 2019	\$ 4,766,849
Liability arising from issuance of flow-through shares (Note 10b)	9,117,720
Settlement of liability due to qualified expenditures incurred	(3,953,359)
Balance at September 30, 2020	\$ 9,931,210

10. Share capital

a) Authorized

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

b) Issued

On June 2, 2020, Great Bear closed a “bought deal” private placement financing (the “Offering”). Upon closing of the Offering, the Company issued 1,470,600 flow-through shares at a price of \$17 per flow-through common share, and 725,000 common shares of the Company at a price of \$11.04 per common share for aggregate gross proceeds of \$33,004,200. The Company incurred transaction costs of \$2,212,456 in relation with the Offering which have been presented as a reduction of equity on the condensed interim consolidation statement of equity. A flow-through liability of \$9,117,720 was recorded in connection with the flow-through offering (Note 9).

Common shares	Flow-through premium liability	Finder's fees and share issue costs	Gross proceeds
\$ 23,886,480	\$ 9,117,720	\$ 2,212,456	\$ 33,004,200

c) Share purchase warrants

	Warrants outstanding	Weighted average exercise price
At December 31, 2018	8,152,492	\$ 1.05
Granted	142,117	1.75
Exercised	(5,031,802)	0.80
Expired	(101,362)	0.83
At December 31, 2019	3,161,445	\$ 1.47
Exercised	(3,161,445)	1.47
At September 30, 2020	-	\$ -

As at September 30, 2020, there were no outstanding and exercisable warrants.

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d) Share options

The Company has adopted an incentive share 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 January 31, 2020, the Company granted an aggregate of 710,000 share options with a weighted average exercise price of \$8.67 per option. The options were subject to a four month hold period. On June 23, 2020, the Company granted an aggregate of 150,000 share options with a weighted average exercise of \$16.28 per option. The options are subject to a four month hold period. During the nine months ended September 30, 2020, share-based compensation totaled \$6,960,620, of which \$1,428,131 was capitalized to exploration and evaluation assets and \$5,532,489 was expensed in the period.

The following weighted average assumptions were used for Black-Scholes valuation of the share options granted during the nine months ended September 30, 2020:

	September 30, 2020	December 31, 2019
Expected dividend yield	0.00%	0.00%
Weighted average risk-free interest rate	0.39-1.29%	1.36-1.81%
Weighted average expected life	5 years	5 years
Weighted average expected volatility	98-100%	143-163%

A summary of the changes in share-options is presented below:

	Share options outstanding	Weighted average exercise price
At December 31, 2018	3,349,000	\$ 0.91
Granted	1,060,000	4.79
Exercised	(576,500)	1.23
At December 31, 2019	3,832,500	\$ 1.93
Granted	860,000	9.95
Exercised	(572,500)	1.80
Cancelled	(15,000)	3.69
At September 30, 2020	4,105,000	\$ 3.62

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As at September 30, 2020, the following stock options were outstanding and exercisable:

Options Outstanding	Options Exercisable	Exercise price	Weighted Average Remaining Life (in years)	Expiry date
680,000	680,000	\$ 0.22 *	0.92	September 1, 2021
170,000	170,000	\$ 0.35 *	2.03	October 11, 2022
445,000	445,000	\$ 0.50 *	2.42	March 1, 2023
268,500	268,500	\$ 0.54 *	2.78	July 11, 2023
804,000	804,000	\$ 1.83 *	2.97	September 20, 2023
350,000	350,000	\$ 3.69 *	3.39	February 21, 2024
387,500	387,500	\$ 5.27 *	3.82	July 24, 2024
15,000	15,000	\$ 7.63 *	4.03	October 10, 2024
125,000	125,000	\$ 6.52 *	4.14	November 18, 2024
710,000	710,000	\$ 8.61 *	4.34	January 31, 2025
150,000	-	\$16.28	4.73	June 23, 2025
4,105,000	3,955,000		2.98	

* The exercise price of the share options have been revised to reflect that of the replacement share options granted to Great Bear share option holders upon completion of the Arrangement.

Subsequent to September 30, 2020, the Company granted an aggregate of 150,000 share options with a weighted average exercise price of \$14.77 which vest one year after their grant date. Subsequent to September 30, 2020, 6,400 share options with a weighted average exercise price of \$3.69 were exercised.

11. Related party transactions

The remuneration of key management which includes directors, officers and companies controlled by directors or officers during the period were as follows:

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2020	2019	2020	2019
Director fees	\$ 36,831	\$ 15,000	\$ 83,831	\$ 45,000
Geological fees capitalized to exploration and evaluation assets	218,751	112,500	335,418	168,750
Management and consulting fees	142,167	73,000	537,667	517,000
Share-based compensation	90,747	786,794	4,760,003	1,419,944
	\$ 488,496	\$ 931,044	\$ 5,691,918	\$ 2,150,694

12. Supplementary cash-flow information

Non-cash transactions are as follows:

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2020	2019	2020	2019
Finders' warrants	\$ -	\$ 19,243	\$ -	\$ 231,612
Change in exploration expenditures included in accounts payable	1,421,787	521,441	1,718,968	1,332,901
Shares issued in respect of exploration and evaluation assets	-	-	1,155,000	355,880
Shares received for exploration and evaluation assets	347,200	-	637,200	481,430

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13. Commitments

The Company is committed to spending certain qualified expenditures arising from the issuance of flow-through shares (Notes 8, 9b). As at September 30, 2020, approximately \$3,250,066 of qualified expenditures remain to be incurred in 2020 and \$25,000,200 of qualified expenditures remain to be incurred in 2021. The Company believes it has sufficient cash on hand to fund these expenditures.

14. 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 is available on demand for the Company's programs and is not invested in any asset-backed commercial paper. The Company believes it has sufficient cash resources to pay its obligations associated with its financial liabilities as at September 30, 2020.

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 and receivables. 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 September 30, 2020 would have increased investments in equity instruments by \$86,715. An equal change in the opposite direction would have had the equal but opposite effect on the amounts shown above.

GREAT BEAR RESOURCES LTD.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2020 and 2019
(Expressed in Canadian Dollars) – Unaudited

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;

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 September 30, 2020 and December 31, 2019:

	Classification	Level	Sept 30, 2020	Dec 31, 2019
Cash	FVTPL	1	\$ 47,009,340	\$ 28,515,877
Investments in equity instruments	FVOCI	1	\$ 578,100	\$ 1,208,566

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.

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 September 30, 2020, the Company is not subject to externally imposed capital requirements.

14. 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 are as disclosed in Note 7.

15. Subsequent events

Subsequent to September 30, 2020, the Company entered into an agreement with 1544230 Ontario Inc. ("Ont. Inc.") and Gravel Ridge Resources Ltd. ("Gravel Ridge") to acquire an undivided 100% interest in the Red Lake North property in Ontario. In order to earn 100% interest in Red Lake North, the Company must issue the following to Ont. Inc. and Gravel Ridge:

- Issue 10,000 shares of Great Bear upon signing of the agreement;
- \$20,000 upon signing of the agreement;
- \$25,000 by the first anniversary of the agreement;
- \$30,000 by the second anniversary of the agreement; and
- \$50,000 by the third anniversary of the agreement.