GREAT BEAR
ROYALTIES

Condensed Interim Financial Statements

For the three and six months ended June 30, 2021 and the three months ended June 30, 2020 and the period from the date of incorporation on January 31, 2020 to June 30, 2020

(Unaudited – Expressed in Canadian Dollars)

GREAT BEAR ROYALTIES CORP.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars) - Unaudited

		June 30, 2021		Dec 31, 2020
Current assets				
Cash	**$**	**3,251,875**	$	2,406,621
Investments in equity instruments (Note 2, 4)		**301,150**		2,062,165
Receivables		**4,130**		34,677
Prepaid expenses		**20,382**		17,597
Total assets	**$**	**3,577,537**	**$**	4,521,060
Current liabilities				
Accounts payable and accrued liabilities	**$**	**24,128**	$	90,535
		24,128		90,535
Non-current liabilities				
Deferred tax liabilities		**68,431**		68,431
Total liabilities	**$**	**92,559**	**$**	158,966
Equity				
Share capital (Note 5)	**$**	**3,449,639**	$	3,453,608
Contributed surplus		**133,077**		-
Accumulated other comprehensive income (Note 4)		**371,111**		958,422
Deficit		**(468,849)**		(49,936)
Total equity		**3,484,978**		4,362,094
Total liabilities and equity	**$**	**3,577,537**	**$**	4,521,060

Approved and authorized for issue by the Board of Directors on August 16, 2021.

"Chris Taylor" Director

"Jim Paterson" Director

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

GREAT BEAR ROYALTIES CORP.
Condensed Interim Statements of Loss and Comprehensive Income/(Loss)
(Expressed in Canadian Dollars) - Unaudited

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Period from Jan 31, 2020 to June 30, 2020
Expenses				
Listing fees	**$ -**	$ -	**$ 140,391**	$ -
Consulting	**42,900**	7,000	**65,400**	7,000
Professional fees	**26,877**	8,049	**31,715**	8,049
Office and administration	**13,849**	381	**25,973**	381
Transfer agent and filing fees	**18,145**	-	**22,357**	-
Share-based compensation (Note 5)	**46,748**	-	**133,077**	-
Total expenses	**(148,519)**	(15,430)	**(418,913)**	(15,430)
Net loss	**(148,519)**	(15,430)	**(418,913)**	(15,430)
Other comprehensive income/(loss) that will not be reclassified to net loss:				
Change in the fair value of equity instruments (Note 4)	**211,079**	528,681	**(587,311)**	528,681
Net comprehensive income/(loss) for the period	**$ 62,560**	$ 513,251	**$ (1,006,224)**	$ 513,251
Weighted average number of common shares outstanding	**27,292,580**	7,422,220	**27,292,580**	4,443,566
Basic and diluted loss per common share	**$ (0.01)**	$ (0.00)	**$ (0.02)**	$ (0.00)

GREAT BEAR ROYALTIES CORP.
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars) - Unaudited

	Common Shares						
	Number	Amount	Subscription Received	Contributed Surplus	AOCI	Deficit	Total
At date of incorporation, January 31, 2020	-	$ 1	$ -	$ -	$ -	$ -	$ 1
Shares issued pursuant to Arrangement (Note 2, 5)	12,008,113	1,195,117	-	259,421	-	-	1,454,538
Shares issued upon exercise of GBR warrants (Note 5)	73,430	1,758	-	-	-	-	1,758
Options exercised	-	-	4,275	-	-	-	4,275
Change in fair value of equity investments (Note 4)	-	-	-	-	528,681	-	528,681
Net loss for the period	-	-	-	-	-	(15,430)	(15,430)
Balance at June 30, 2020	**12,081,543**	**$ 1,196,876**	**$ 4,275**	**$ 259,421**	**$ 528,681**	**$ (15,430)**	**$ 1,973,823**
Balance at December 31, 2020	27,292,580	$ 3,453,608	$ -	$ -	$ 958,422	$ (49,936)	$ 4,362,094
Share issuance costs	-	(3,969)	-	-	-	-	(3,969)
Share-based compensation (Note 5)	-	-	-	133,077	-	-	133,077
Change in fair value of equity investments (Note 4)	-	-	-	-	(587,311)	-	(587,311)
Net loss for the period	-	-	-	-	-	(418,913)	(418,913)
Balance at June 30, 2021	**27,292,580**	**$ 3,449,639**	**$ -**	**$ 133,077**	**$ 371,111**	**$ (468,849)**	**$ 3,484,978**

GREAT BEAR ROYALTIES CORP.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars) – Unaudited

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Period from Jan 31, 2020 to June 30, 2020
Net loss for the period	**$ (148,519)**	$ (15,430)	**$ (418,913)**	$ (15,430)
Adjusted for:				
Share-based compensation (Note 5)	**46,748**	-	**133,077**	-
Other	**-**	375	**-**	375
Changes in working capital items:				
Accounts payable and accrued liabilities	**(14,108)**	19,449	**(66,576)**	19,449
Prepaid expenses	**(3,875)**	(3,500)	**(6,585)**	(3,500)
Receivables	**4,219**	(6,934)	**30,547**	(6,934)
Net cash used in operating activities	**$ (115,535)**	$ (6,040)	**$ (328,450)**	$ (6,040)
Proceeds from the sale of equity instruments (Note 4)	**1,001,962**	-	**1,173,704**	-
Net cash provided by investing activities	**$ 1,001,962**	$ -	**$ 1,173,704**	$ -
Proceeds from warrant exercises	**-**	1,758	**-**	1,758
Subscription received	**-**	4,275	**-**	4,275
Cash received pursuant to the Arrangement	**-**	500,000	**-**	500,000
Share issued on incorporation	**-**	-	**-**	1
Net cash provided by financing activities	**$ -**	$ 506,033	**$ -**	$ 506,034
Increase in cash during the period	**886,427**	499,993	**845,254**	499,994
Cash, beginning of period	**2,365,448**	1	**2,406,621**	-
Cash, end of period	**$ 3,251,875**	$ 499,994	**$ 3,251,875**	$ 499,994

1. Nature and continuance of operations

Great Bear Royalties Corp. ("Royalties Corp" or the "Company") was incorporated on January 31, 2020 under the laws of the Business Corporation Act (British Columbia). On April 5, 2021, Royalties Corp was listed and began trading on the TSX Venture Exchange ("TSX-V") under the symbol "GBRR". From the date of incorporation to May 4, 2020, the Company was a wholly owned subsidiary of Great Bear Resources Ltd. ("GBR"). The Company's head office address is located at 1020 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The Company is a royalty-focused company with initial assets comprised of a net smelter royalty ("NSR") on GBR's wholly owned Dixie Project as well as a portfolio of equity investments in resource-focused public companies.

2. Plan of Arrangement

On May 5, 2020 (the "Effective Date"), GBR completed a share capital reorganization by way of statutory plan of arrangement whereby all shares of Royalties Corp. were distributed to shareholders of GBR, as a return of capital (the "Arrangement").

As part of the Arrangement, the Company acquired:

- $500,000 in cash
- Equity instruments valued at $954,538
- A two percent (2%) NSR agreement on all potential future mineral production at GBR's Dixie Project, located in the Red Lake District of Ontario.

Pursuant to the Arrangement, existing GBR shareholders received one (1) share of the Company for every four (4) GBR shares they held immediately prior to the closing of the Arrangement. Upon completion of the Arrangement, GBR shareholders were issued 12,008,113 common shares in the Company, proportionate to their holdings of GBR.

Upon completion of the Arrangement, GBR share option holders received share options in Royalties Corp which were proportionate to, and reflective of the terms of their existing option in GBR. A total of 1,091,875 share options of Royalties Corp were issued pursuant to the Arrangement. During the period ended December 31, 2020, 1,078,375 share options were exercised and 13,500 share options were cancelled.

Under the Arrangement, GBR warrant holders received, upon exercise of any GBR warrant (the "GBR Warrants"), for the original exercise price, one common share of GBR and one-fourth of a common share of Royalties Corp. GBR will pay Royalties Corp. an amount equal to one-fourth of the proceeds received by GBR on exercise of the warrants multiplied by the product of their respective fair market values as of the closing date of the Arrangement. A total of 2,239,230 GBR Warrants were outstanding at the time of the Arrangement, all of which have been exercised during the period ended December 31, 2020 in exchange for the issuance of 559,802 shares of Royalties Corp.

3. Basis of preparation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with 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 period from the date of incorporation on January 31, 2020 to December 31, 2020.

These condensed interim financial statements follow the same accounting policies and methods of application as the financial statements for the period from the date of incorporation on January 31, 2020 to December 31, 2020, except as described in Note 3(e) below.

b) Going concern of operations

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company's ability to be 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its full effects on the Company's business or ability to raise funds.

c) Basis for measurement

The financial statements have been prepared on the historical cost basis, except for the revaluation of cash and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period.

d) 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.

e) Leases

The Company assesses if a contract is or contains a lease at inception of the contract. Control is considered to exist if the contract conveys the right to control the use of an identified asset during the term of the lease. When a lease is identified, a right-of-use asset and a corresponding lease liability are recognized, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an expense in profit or loss on a straight-line basis.

Right-of-use assets, which are included in property and equipment, are recognized at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs and decommissioning and restoration costs, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease or the Company's incremental borrowing rate, if the rate implicit in the lease cannot be determined.

f) Key sources of estimation uncertainty and critical judgments

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

(Expressed in Canadian Dollars) – Unaudited

Company's accounting policies are consistent with those applied to financial statements for the period from the date of incorporation on January 31, 2020 to December 31, 2020, other than those noted below.

a) Share-based payments

Numerous assumptions are made when accounting for share-based payments, including expected volatility, expected life and dividend yield. Changes to these assumptions may alter the resulting accounting and ultimately the amount charged to profit or loss.

g) Recent accounting pronouncements

There are no new and amended standards that are applicable to the business of the Company.

4. Investment in equity instruments

FVOCI investments in equity instruments consists of common shares of publicly traded companies, and therefore, have 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 six months ended June 30, 2021, investments in equity instruments were disposed of for aggregate gross proceeds of $1,173,704 (June 30, 2020 - $nil). During the six months ended June 30, 2021, the fair value of these investments decreased by $587,311 (June 30, 2020 - $nil), which is recorded in other comprehensive income/(loss).

At January 31, 2020	$	-
Acquired as part of the Arrangement (Note 2)		954,538
Write-down of equity instruments		(375)
Change in the fair value of equity instruments		1,108,002
At December 31, 2020	**$**	**2,062,165**
Disposal of investments in equity instruments		(1,173,704)
Change in the fair value of equity instruments		(587,311)
At June 30, 2021	**$**	**301,150**

5. Share capital

a) Common shares

Authorized
The Company's authorized share capital consists of an unlimited number of common shares, voting, without par value.

Issued and outstanding
The Company issued one common share upon incorporation.
Pursuant to the Arrangement, GBR shareholders as of the Effective Date were issued 12,008,113 common shares in the Company, proportionate to their holdings of GBR (Note 2). During the period ended June 30, 2020, 73,430 shares were issued upon the exercise of GBR Warrants for proceeds of $1,758.

b) Share options

In April 2020, the Company adopted an incentive share option plan (the "Option Plan") 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.

(Expressed in Canadian Dollars) – Unaudited

On January 21, 2021, the Company granted 2,500,000 share options to directors, officers, and other consultants of the Company that can be exercised at a price of $1.00 over a period of five years. Of these options granted, one-quarter vested immediately, and the remaining three-quarters vest every six months thereafter. During the three and six months ended June 30, 2021, share-based payments totaled $46,748 and $133,077, respectively, relating to the vesting of the share options granted (June 30, 2020 - $nil).

	Share options outstanding	Weighted average exercise price
At January 31, 2020	-	$ -
Granted pursuant to the Arrangement (Note 2)	1,091,875	0.09
Exercised	(1,078,375)	0.09
Cancelled	(13,500)	0.12
At December 31, 2020	**-**	**$ -**
Granted	2,500,000	1.00
At June 30, 2021	**2,500,000**	**$ 1.00**

As at June 30, 2021, the following share options were outstanding and exercisable:

Options Outstanding	Options Exercisable	Exercise price	Weighted Average Remaining Life (in years)	Expiry date
2,500,000	625,000	$ 1.00	4.56	January 21, 2026
2,500,000	**625,000**	**$ 1.00**	**4.56**	

The following assumptions were used for Black-Scholes valuation of the share options granted during the six months ended June 30, 2021 and for the period from January 31, 2020 to June 30, 2020:

	Six months ended June 30, 2021	Jan 31, 2020 to Mar 31, 2020
Expected dividend yield	0.00%	-
Weighted average risk-free interest rate	0.45%	-
Weighted average expected life	5 years	-
Weighted average expected volatility	77.00%	-

6. Related party transactions

The renumeration of key management which, includes directors and officers, during the period were as follows:

	Three months ended June 30, 2021	Three months ended June 30, 2020	Six months ended June 30, 2021	Period from Jan 31, 2020 to June 30, 2020
Share-based payments	**$ 41,195**	$ -	**$ 117,315**	$ -
	$ 41,195	$ -	**$ 117,315**	$ -

7. Financial and capital risk management

The Company's financial instruments consist of cash, investments in equity instruments, receivables, and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risk are set out below.

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's accounts payable have contractual maturities of 30 days and are subject to normal trade terms. 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 June 30, 2021.

(Expressed in Canadian Dollars) – Unaudited

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, excluding the GST/HST receivable. 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 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 June 30, 2021 would have increased investments in equity instruments by $45,173 (December 31, 2020 - $309,325). 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. Investments in equity instruments are measured at their fair value at the end of each reporting period with the remeasurement recorded in other comprehensive income/(loss). The following table illustrates the classification of the Company’s financial instruments within the fair value hierarchy as at June 30, 2021 and December 31, 2020:

	Classification	Level	June 30, 2021	December 31, 2020
Cash	FVTPL	1	$ 3,251,875	$ 2,406,621
Investments in equity instruments	FVOCI	1	$ 301,105	$ 2,062,165

There were no transfers between Level 1, 2 and 3 in the period ended June 30, 2021 and the period ended December 31, 2020. The fair values of the Company’s receivables, accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

f) Capital 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 June 30, 2021, the Company is not subject to externally imposed capital requirements.