



Condensed Consolidated Interim Financial Statements

For the three and six months ended January 31, 2017 and 2016

To the shareholders of Grizzly Discoveries Inc.:

The condensed consolidated interim financial statements of Grizzly Discoveries Inc. (the "Company") for the three and six months ended January 31, 2017 and 2016 have been compiled by management.

No audit or review of this information has been performed by the Company's auditors.

GRIZZLY DISCOVERIES INC.
Condensed consolidated interim statements of financial position

As at	January 31 2017 <i>(unaudited)</i>	July 31 2016
ASSETS		
Current		
Cash and cash equivalents	\$ 15,210	\$ 91,138
Restricted cash (note 3)	5,000	5,000
Other current assets (note 4)	55,203	58,107
	<u>75,413</u>	154,245
Deposit	30,185	30,071
Mineral properties (note 5)	8,290,186	8,285,128
	<u>8,395,784</u>	<u>8,469,444</u>
TOTAL ASSETS	\$ 8,395,784	\$ 8,469,444
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 77,651	\$ 73,119
Reclamation provision	192,821	192,821
	<u>270,472</u>	<u>265,940</u>
TOTAL LIABILITIES	270,472	265,940
EQUITY		
Share capital (note 6)	19,842,144	19,842,144
Warrant capital	8,879	8,879
Contributed surplus	2,655,563	2,655,563
Deficit	(14,381,274)	(14,303,082)
	<u>8,125,312</u>	<u>8,203,504</u>
TOTAL EQUITY	8,125,312	8,203,504
TOTAL LIABILITIES AND EQUITY	\$ 8,395,784	\$ 8,469,444

SEE NOTE 9 FOR SIGNIFICANT SUBSEQUENT EVENTS

Approved by the Board of Directors

Director (signed by) "Brian Testo"

Director (signed by) "Doug Turnbull"

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

GRIZZLY DISCOVERIES INC.

Condensed consolidated interim statements of loss and comprehensive loss

(unaudited)

For the	three months ended January 31		six months ended January 31	
	2017	2016	2017	2016
EXPENSES				
General and administration (note 7)	\$ (25,274)	\$ (34,071)	\$ (55,234)	\$ (82,262)
Share based compensation	-	(1,166)	-	(3,333)
Impairment (note 4)	(11,898)	(3,000)	(23,316)	(3,768)
TOTAL EXPENSES	(37,172)	(38,237)	(78,550)	(89,363)
OTHER INCOME				
Interest income	115	117	358	293
NET LOSS AND COMPREHENSIVE LOSS	\$ (37,057)	(38,120)	(78,192)	(89,070)
BASIC AND DILUTED LOSS PER COMMON SHARE	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	52,407,805	49,236,751	52,407,805	48,981,008

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

GRIZZLY DISCOVERIES INC.

Condensed consolidated interim statements of cash flows

(unaudited)

For the six months ended January 31	2017	2016
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net loss	\$ (78,192)	\$ (89,070)
Items not affecting cash and cash equivalents:		
Depreciation	-	1,290
Share based compensation	-	3,333
Impairment	23,316	3,768
Changes in non-cash working capital:		
Other current assets	4,547	(8,530)
Deposits	(114)	(98)
Accounts payable and accrued liabilities	(19,224)	(24,787)
Cash and cash equivalents used in operating activities	<u>(69,667)</u>	<u>(97,034)</u>
INVESTING ACTIVITIES:		
Deposit	-	(1,880)
Mineral properties expenditures	(6,261)	(12,093)
Cash and cash equivalents used in investing activities	<u>(6,261)</u>	<u>(13,973)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of shares	-	53,271
Proceeds from issuance of warrants	-	8,879
Costs of share issuance	-	(1,977)
Cash and cash equivalents provided by financing activities	<u>-</u>	<u>60,173</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(75,928)	(50,834)
Cash and cash equivalents – beginning of period	<u>91,138</u>	<u>75,282</u>
CASH AND CASH EQUIVALENTS – END OF PERIOD	\$ 15,210	\$ 24,448

See Note 8 for supplemental cash flow information.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

GRIZZLY DISCOVERIES INC.

Condensed consolidated interim statements of changes in equity

*(unaudited)***For the six months ended January 31, 2017**

	Number of common shares	Share capital	Warrant capital	Contributed surplus	Deficit	Total equity
July 31, 2016	52,407,805	\$ 19,842,144	\$ 8,879	\$ 2,655,563	\$ (14,303,082)	\$ 8,203,504
Comprehensive loss	-	-	-	-	(78,192)	(78,192)
January 31, 2017	52,407,805	\$ 19,842,144	\$ 8,879	\$ 2,655,563	\$ (14,381,274)	\$ 8,125,312

For the six months ended January 31, 2016

	Number of common shares	Share capital	Warrant capital	Contributed surplus	Deficit	Total equity
July 31, 2015	48,725,268	\$ 19,653,042	\$ -	\$ 2,541,730	\$ (11,111,322)	\$ 11,083,450
Comprehensive loss	-	-	-	-	(89,070)	(89,070)
Private placement financings	887,857	51,294	8,879	-	-	60,173
Share based compensation	-	-	-	3,333	-	3,333
January 31, 2016	49,613,125	\$ 19,704,336	\$ 8,879	\$ 2,545,063	\$ (11,200,392)	\$ 11,057,886

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

1. Nature of operations and going concern

Grizzly Discoveries Inc. (the "Company" or "Grizzly") was incorporated on May 31, 2002 in Alberta and is in the business of acquiring and exploring mineral properties located in Canada. The Company has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company's registered office is Suite 3400, 350 7 Avenue SW, Calgary, Alberta, T2P 3N9. The Company's head office is at Suite 363, 9768 170 Street NW, Edmonton, Alberta, T5T 5L4.

Long-term continuance of the Company's operations is dependent upon achieving profitable operations and obtaining additional equity or debt financing. The recoverability of the carrying values of the Company's mineral properties is dependent upon the existence and discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties and future profitable production from or proceeds from the disposition of mineral properties.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of operations. As at January 31, 2017, the Company has a deficit of \$14,381,274 (July 31, 2016 - \$14,303,082) and the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable. These material uncertainties may cast doubt regarding the Company's ability to continue as a going concern. At the current stage of the Company's development, the ability of the Company to continue as a going concern is dependent upon its ability to obtain additional sources of financing. Management's intentions are to continue to pursue additional financing. If the Company is unsuccessful in obtaining additional financing to fund operations and the exploration and development of its mineral properties, the going concern assumption may not be appropriate and adjustments would be necessary to the carrying value of assets and liabilities and reported revenues and expenses. Such adjustments may be material.

2. Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements as specified in International Accounting Standard 34 – *Interim financial reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not contain all of the disclosures required for financial statements in accordance with IFRS and should be read in conjunction with the consolidated financial statements of the Company for the year ended July 31, 2016.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary Alberta Potash Corp. (incorporated in Alberta). All intercompany balances and transactions have been eliminated on consolidation.

These condensed consolidated interim financial statements have been prepared on a historical cost basis and are presented in Canadian Dollars unless otherwise noted.

These consolidated financial statements were approved by the Audit Committee on behalf of the Board of Directors of the Company on March 31, 2017.

GRIZZLY DISCOVERIES INC.

Notes to the condensed consolidated interim financial statements

For the three and six months ended January 31, 2017 and 2016

*(unaudited)***3. Restricted cash**

The Company has restricted cash in the amount of \$5,000 (July 31, 2016 - \$5,000) as security for corporate credit card liabilities.

4. Other current assets

As at	January 31 2017	July 31 2016
Accounts receivable	\$ 1,388	\$ 1,407
Goods and services tax credits receivable	2,296	4,696
Mineral exploration tax credits receivable	6,966	5,323
Prepayments and deposits	44,553	46,681
	<u>\$ 55,203</u>	<u>\$ 58,107</u>

5. Mineral Properties

	Alberta Diamond Properties	Alberta Potash Properties	BC Precious Metals Properties	Total
Balance, July 31, 2015	\$ 1	\$ 2,882,560	\$ 8,269,138	\$ 11,151,699
Acquisition costs	625	7,243	11,884	19,752
Exploration and evaluation costs	66,915	2,978	12,420	82,313
Reclamation	-	(37,081)	-	(37,081)
Impairment	(67,540)	(2,855,699)	(8,316)	(2,931,555)
Balance, July 31, 2016	1	1	8,285,126	8,285,128
Acquisition costs	-	5,418	7,314	12,732
Exploration and evaluation costs	11,078	731	3,833	15,642
Impairment	(11,078)	(6,149)	(6,089)	(23,316)
Balance, January 31, 2017	\$ 1	\$ 1	\$ 8,290,184	\$ 8,290,186

Impairment

In the six months ended January 31, 2017, the Company incurred costs totaling \$6,089 (2016 – 8,316) related to its French and Silver Bear properties, included in BC Precious Metals Properties, which have been recorded as impairment on the condensed consolidated interim statements of loss and comprehensive loss.

In the six months ended January 31, 2017, the Company incurred costs totaling \$11,078 (2016 – \$11,078) related to its Alberta Diamond Properties which were recorded as impairment on the condensed consolidated interim statements of loss and comprehensive loss.

In the six months ended January 31, 2017, the Company incurred costs totaling \$6,149 related to its Alberta Potash Properties which were recorded as impairment on the condensed consolidated interim statements of loss and comprehensive loss. In the year ended July 31, 2016, the Company recorded an impairment to previously capitalized acquisition and exploration costs related to its Alberta Potash Properties in the amount of \$2,855,699.

6. Share capital*Common shares*

The Company's articles authorize an unlimited number of common shares with no par value and an unlimited number of preferred shares. The Company has not issued any preferred shares. As at January 31, 2017 and July 31, 2016, there are 52,407,805 common shares issued and outstanding.

Common share purchase warrants

The company issues common share purchase warrants generally in conjunction with an offering of common shares. As at January 31, 2017 and July 31, 2016, the company has 3,682,537 common share purchase warrants issued and outstanding.

A summary of share purchase warrants outstanding is as follows:

As at January 31, 2017				As at July 31, 2016			
Exercise price	Warrants outstanding	Warrants exercisable	Years to expiry	Exercise price	Warrants outstanding	Warrants exercisable	Years to expiry
\$ 0.10	887,857	887,857	0.9	\$ 0.10	887,857	887,857	1.4
\$ 0.075	2,794,680	2,794,680	1.2	\$ 0.075	2,794,680	2,794,680	1.7
\$ 0.086	3,682,537	3,682,537	1.1	\$ 0.086	3,682,537	3,682,537	1.6

Common share purchase options

The Company issues common share purchase warrants as incentive compensation to officers, directors, employees and consultants pursuant to the Company's stock option plan. As at January 31, 2017, 3,300,000 stock options are issued and outstanding as detailed in the table below:

A summary of stock options outstanding is as follows:

As at January 31, 2017				As at July 31, 2016			
Exercise price	Options outstanding	Options exercisable	Years to expiry	Exercise price	Options outstanding	Options exercisable	Years to expiry
\$ -	-	-	-	\$ 0.10	1,100,000	1,100,000	0.3
\$ 0.10	200,000	200,000	0.8	\$ 0.10	200,000	200,000	1.3
\$ 0.10	300,000	300,000	1.1	\$ 0.10	300,000	300,000	1.6
\$ 0.10	200,000	200,000	2.3	\$ 0.10	200,000	200,000	2.8
\$ 0.10	400,000	400,000	0.1	\$ 0.10	400,000	400,000	0.5
\$ 0.075	2,200,000	2,200,000	4.3	\$ 0.075	2,200,000	2,200,000	4.8
\$ 0.08	3,300,000	3,300,000	3.2	\$ 0.09	4,400,000	4,400,000	2.8

GRIZZLY DISCOVERIES INC.

Notes to the condensed consolidated interim financial statements

For the three and six months ended January 31, 2017 and 2016

*(unaudited)***7. General and administrative expenses**

For the	three months ended		Six months ended	
	January 31		January 31	
	2017	2016	2017	2016
Advertising and promotion	\$ 690	2,060	3,389	3,726
Conferences and corporate travel	500	850	566	1,540
Consulting fees	12,000	16,258	24,000	42,483
Office and administration	5,068	3,235	12,896	13,896
Regulatory and transfer fees	5,855	7,726	10,028	14,893
Depreciation	-	645	-	1,290
Professional fees	1,161	3,297	4,355	4,434
	<u>\$ 25,274</u>	<u>\$ 34,071</u>	<u>\$ 55,234</u>	<u>\$ 82,262</u>

8. Supplemental cash flow information*Interest received and paid*

During the three and six months ended January 31, 2017, the Company received interest of \$115 and \$358 respectively (2016 - \$117 and \$293 respectively) from deposits with its financial institutions. The Company did not pay any interest, nor did it receive any dividends, in either of the periods ended January 31, 2017 or 2016.

Non cash transactions eliminated from the consolidated statements of cash flows

The following table lists non cash transactions which were recorded in the periods ended January 31, 2017 and 2016 and have been eliminated from the consolidated statements of cash flows.

For the six months ended January 31	2017	2016
Mineral exploration tax credits accrued as a reduction of mineral properties	\$ (1,643)	\$ (3,493)
Change in non-cash working capital related to investing activities	\$ 23,756	\$ 15,747

9. Subsequent event*Shares for services agreement – Agoracom Internet Relations Corp.*

On February 23, 2017, the Company entered into an agreement (the "Agreement") with AGORA Internet Relations Corp. ("AGORA") in order to increase awareness about Grizzly via the web to the investment community.

The Company intends to issue shares for services to AGORA in exchange for the online advertising, marketing and branding services ("Advertising Services"). Pursuant to the terms of the Agreement, the Corporation will be issuing, subject to regulatory acceptance, common shares of Grizzly ("Shares") with aggregate value of \$40,000 (plus HST) over the one year term of the Agreement. The Shares, subject to regulatory acceptance, will be issued in five tranches as follows:

- Shares valued at \$8,000+HST upon commencement of the Agreement (March 1, 2017)
- Shares valued at \$8,000+HST following each three-month period during the term of the Agreement

The number of shares to be issued at the end of each period will be determined by using the closing price of the Shares of the Company on the TSX Venture Exchange on the first trading day following each period for which the Advertising Services were provided by AGORA, subject to a minimum price of \$0.05 per share. Each issuance of shares for Advertising Services by AGORA is subject to TSX Venture approval.

The term of the Agreement is for 12 months effective March 1, 2017. The Company will announce each issuance of shares under the Agreement.

On March 2, 2017, the Company issued 180,800 common shares as the initial payment to Agoracom at a deemed value of \$0.05 per common share, and with a total deemed value of \$9,040, being \$8,000 plus HST.

Private Placement of Units

On March 31, 2017, the Company completed one tranche of a private placement of 2,760,000 Units (as defined below) for gross proceeds of \$138,000, paid cash commissions of \$3,800, and issued 76,000 Finder Warrants (as defined below) with terms equivalent to those of the Unit Warrants (defined below).

On February 15, 2017, the Company announced that it was offering a private placement (the "Private Placement") of up to 5,000,000 non-flow-through units (the "Units") at a price of \$0.05 per Unit, for gross proceeds of up to \$250,000, and up to 4,500,000 flow-through units (the "FT Units") at a price of \$0.07 per FT Unit, for gross proceeds of up to \$315,000. Pursuant to the sale of 2,760,000 Units on March 31, 2017, the remaining 2,240,000 Units and 4,500,000 FT Units may be sold at a later date.

Each Unit is comprised of one common share in the capital of the Company ("Common Share") and one Common Share purchase warrant with an exercise price of \$0.075 per Common Share ("Unit Warrant"). Each FT Unit is comprised of one Common Share issued as a "flow-through" share pursuant to the Income Tax Act (Canada) ("FT Share") and one Common Share purchase warrant with an exercise price of \$0.10 per Common Share ("FT Unit Warrant"). Each of the Unit Warrants and FT Unit Warrants (collectively, the "Warrants") will entitle the holder to acquire one additional Common Share at the corresponding exercise price, for a period of two years from the date the Units or FT Units are issued (the "Closing Date") or, if during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a weighted average trading price of \$0.12 per share on the TSX Venture Exchange for 10 consecutive trading days, the Company may accelerate the expiry time of the Warrants by issuing a news release and giving written notice to holders of Warrants stating that the Warrants will expire 30 days from the date of such notice ("Acceleration").

If fully subscribed, the Private Placement will result in the sale and issuance of 9,500,000 Common Shares and 9,500,000 Warrants for aggregate gross proceeds of \$565,000.

In connection with the Private Placement, where permitted by applicable securities legislation, any Units or FT Units sold to purchasers referred to the Company by registered broker dealers, limited market dealers, or other eligible arm's length persons (individually, a "Finder") may result in a cash commission in an amount equal to 10% of the gross proceeds of the Units or FT Units sold to such referred purchasers, to be paid out of the gross proceeds of Units to the Finder at closing. As additional consideration, the Company may issue to the Finder Common Share purchase warrants (the "Finder Warrants") entitling the Finder to purchase an additional number of Common Shares equal to 10% of the aggregate number of Units and FT Units sold by the Finder in the Private Placement on the same terms as the Warrants included in the respective Units or FT Units sold. Subject to regulatory approval, each Finder Warrant will be exercisable to acquire one common share at the corresponding exercise price of \$0.075 or \$0.10 for a period of 24 months after the Closing Date, subject to the Acceleration.

GRIZZLY DISCOVERIES INC.

Notes to the condensed consolidated interim financial statements

For the three and six months ended January 31, 2017 and 2016

(unaudited)

The gross proceeds received by the Company from the sale of the FT Shares included in the FT Units will be used to incur Canadian Exploration Expenses that are “flow-through mining expenditures” (as such terms are defined in the Income Tax Act (Canada)) on the Company’s properties in British Columbia, which expenses will be renounced to the subscribers with an effective date no later than December 31, 2017, in the aggregate amount of not less than the total amount of the gross proceeds raised from the sale of FT Shares.

The gross proceeds on the sale of FT Units are expected to be expended on surface exploration on the Company’s Greenwood Project in British Columbia. The net proceeds from the sale of the Units will be used for general corporate and working capital purposes. All Common Shares issued under the Private Placement and any Common Shares issuable upon exercise of Warrants or FT Unit Warrants will be subject to a four month hold period from the date of issue in accordance with applicable laws and regulations. The Private Placement is subject to acceptance of the TSX Venture Exchange.