

## **GAR Limited**

(Incorporated under the laws of Ontario)

### **Condensed Consolidated Interim Financial Statements**

(Unaudited, Expressed in Canadian Dollars)

For the Comparative Three and Six Months Ended July 31, 2015

And

For the Three Months and Six Months Ended July 31, 2014

## **Management's Responsibilities for Financial Statements**

The accompanying condensed consolidated interim financial statements of GAR Limited (an Exploration Company) were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim financial statements, including responsibility for significant accounting judgments and estimate and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over financial the financial reporting process, which are designed provide responsible assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the condensed unaudited interim financial together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the Shareholders.

Management recognized its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulation, and for maintaining proper standard of conduct for its activities.

*/s/ John Rapski*  
*President*

*/s/Wm. Andrew Campbell CA/CPA*  
*Director*

## **Notice of No Auditor Review of Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**GAR Limited**  
**(An Exploration Stage Enterprise)**  
**Statements of Financial Position**

	<u>As at July 31, 2015</u>	<u>As at January 31, 2015</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalent	\$ 7,069	\$ 54,679
Marketable securities	3,220	27,000
Prepaid expenses and deposits	-	550
Receivables	<u>12,031</u>	<u>8,737</u>
<b>Total Current Assets</b>	<u>22,320</u>	<u>90,966</u>
<b>Non-Current Assets</b>		
Mineral Properties (Note 3)	<u>12,000</u>	<u>12,000</u>
<b>Total Assets</b>	<u>\$ 34,320</u>	<u>\$ 102,966</u>
<b>LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 22,693	\$ 23,371
Due to related parties (Note 6)	<u>67,375</u>	<u>32,263</u>
<b>Total Current Liabilities</b>	<u>90,069</u>	<u>55,634</u>
<b>Shareholders' (Deficiency) (Note 4)</b>		
Share capital (Note 4)	2,352,499	2,352,499
Warrants (Note 4)	170,730	170,730
Deficit	<u>(2,578,978)</u>	<u>(2,475,897)</u>
<b>Total Equity</b>	<u>(55,749)</u>	<u>47,332</u>
<b>Total Liabilities and Shareholder's Equity</b>	<u>\$ 34,320</u>	<u>\$ 102,966</u>

\* Nature and continuation of operations and going concern (Note 1)

\* Subsequent events (Note 8)

Approved on behalf of the Board September 21, 2015

“John Rapski” \_\_\_\_\_ Director

“Wm. Andrew Campbell “ \_\_\_\_\_ Director

## GAR Limited

(An Exploration Stage Enterprise)

### Condensed Consolidated Interim Statement of Comprehensive Income (Loss) Page 3

(Expressed in Canadian Dollars)

	Three Months Ended July 31, 2015	Three Months Ended July 31, 2014
<b>OPERATING EXPENSES</b>		
Advertising & promotion	\$ 2,161	\$ 3,903
Automobile	1,898	2,792
Consulting fees	858	1,950
General exploration expenditures	7,162	8,514
Management fees Note 7)	15,000	15,000
Legal & audit	9,258	5,696
Rent – office	3,000	4,000
Transfer agent's & regulatory fees	3,285	4,708
Travel & accommodation	1,538	-
Office, general & administration	856	1,665
	<u>45,016</u>	<u>44,228</u>
<b>(Loss) before other items</b>	<b>(45,016)</b>	<b>(44,228)</b>
Other Item:		
Write down of temporary investments	(9,000)	-
Loss on sale of temporary investments	(10,425)	
<b>Net loss and comprehensive loss for the period</b>	<b><u>\$ (64,441)</u></b>	<b><u>\$ (44,228)</u></b>
<b>Basic and diluted loss per common share</b>	<b><u>\$ (0.00)</u></b>	<b><u>\$ 0.00</u></b>
<b>Weighted average number of common shares outstanding</b>	<b><u>11,198,630</u></b>	<b><u>9,378,630</u></b>

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

**GAR Limited**

(An Exploration Stage Enterprise)

**Condensed Consolidated Interim Statement of Comprehensive Income (Loss)****Page 4**

	Six Months Ended July 31, 2014	Six Months Ended July 31, 2014
<b>OPERATING EXPENSES</b>		
Advertising & promotion	\$ 13,228	\$ 4,153
Automobile	1,898	2,792
Consulting fees	4,808	5,350
General exploration expenditures	7,962	8,514
Management fees Note 6)	30,000	30,000
Legal & audit	10,109	5,696
Office rent	6,000	4,000
Transfer agent's & regulatory fees	6,435	7,718
Travel & accommodation	1,537	-
Office, general & administration	1,679	1,758
<b>(Loss) before other items</b>	<b>(83,656)</b>	<b>(69,981)</b>
Other Item:		
Gain on sale of property	-	3,354
Write down of temporary investments	(9,000)	
Loss on sale of temporary investments	(10,427)	
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (103,081)</b>	<b>\$ (66,626)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding</b>	<b>11,198,630</b>	<b>9,378,630</b>

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

**GAR Limited**

(An Exploration Stage Enterprise)

**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity** **Page 4**

	Number of Shares	Common Stock	Reserve for Warrants	Deficit	Total
Balance at, January 31, 2014	9,378,630	\$ 2,194,249	\$ 204,980	\$(2,438,246)	\$ (39,017)
Net (loss) for the period				(66,626)	(66,626)
Balance at, July 31, 2014	9,378,630	\$ 2,194,249	\$ 204,980	\$(2,504,872)	\$ (105,643)
Warrants exercised	1,320,000	99,000			99,000
Fair Value – Warrants issued		34,250	(34,250)		-
Share Capital issued for proceeds as An option payment	500,000	25,000			25,000
Net income and comprehensive income For the period				28,975	28,975
<b>Balance, at January 31, 2015</b>	<b>11,198,630</b>	<b>2,352,499</b>	<b>\$ 170,730</b>	<b>\$ (2,475,897)</b>	<b>\$ 47,332</b>
Net income and comprehensive income For the period				(103,081)	(103,081)
<b>Balance at, July 31, 2015</b>	<b>11,198,630</b>	<b>2,352,499</b>	<b>\$ 170,730</b>	<b>\$ (2,578,978)</b>	<b>\$ (55,749)</b>

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

**GAR Limited**

(An Exploration Stage Enterprise)

**Condensed Consolidated Interim Statements of Cash Flows****Page 5**

	Six Months ended July 31,	
	2015	2014
<b>Cash flows - operating activities</b>		
Net Income (loss) for the year	\$ (103,081)	\$ (66,626)
Adjustments for:		
Gain on sale of Property	-	3,354
Unrealized loss on temporary investments	9,000	-
Net change in working capital excluding cash		
Accounts receivable	(3,294)	(2,932)
Prepaid expenses	550	-
Accounts payable and accrued liabilities	(677)	(15,175)
Cash flows (used in) from operating activities	<u>(97,502)</u>	<u>(81,379)</u>
<b>Cash flows from financing activity</b>		
Increase in due to related parties	<u>35,112</u>	<u>81,614</u>
Cash flows provided by financing activity	<u>35,112</u>	<u>81,614</u>
<b>Cash flows from investing activity</b>		
Proceeds on disposal of temporary investments	17,999	
Purchases of temporary investments	<u>(3,219)</u>	-
Cash flows provided by financing activity	<u>14,780</u>	-
<b>Increase in cash and cash equivalents</b>	(47,610)	235
Cash and cash equivalents, beginning of year	<u>54,679</u>	<u>87</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 7,069</u>	<u>\$ 322</u>
Cash Flow Supplemental information (Note 5)		

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



**1. Nature of operations and going concern**

The Company is in the business of acquiring, exploring for and developing mineral properties in Canada. Substantially all of the efforts of the Company are devoted to these business activities. To date the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

The Company is in the process of exploring its resource mining properties and has not yet determined whether these properties contain economically recoverable reserves. The continued operations of the Company and the amounts recoverable on these mining properties are dependent upon the economically recoverable reserves, the ability of the Company in obtaining the financing to complete the necessary exploration and development upon attaining future profitable production or proceeds from disposition of the mining properties.

Although the Company has taken steps to verify title to mining properties in which it has an interest according to industry standards for the stage of exploration and development of such properties, these procedures may not guarantee the Company's title. Properties may be subject to undisclosed prior agreements or transfers and title may be affected by undetected defects.

The Company's continued existence as a going concern is dependent upon its ability to continue to obtain adequate ongoing debt and/or equity financing with creditors, officers, directors and stakeholders. In addition the Company must also ultimately become profitable.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

**1. Nature of operations and going concern - continued**

The company has incurred a net loss of \$(103,081) for the six month period ended July 31, 2015 and a net income of \$(37,651) for the year ended January 31, 2015 and working capital deficit of \$(67,749) as at July 31 2015 and working capital of \$35,332 as at January 31, 2015. The ability of the Company to remedy its working capital deficiency and to carry out its business plan rests with its ability to secure additional equity and other financing.

**2. Basis of preparation and adoption of IFRS**

**Statement of Compliance**

The Company applies International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“ISAB”). These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS and interpretations issued as issued by IFRS as issued by IASB and interpretations issued by IFRIC.

In March 2015, Gar Limited incorporated a wholly owned subsidiary GAR Limited S.A. in Nicaragua, Central America.

The policies applied in these condensed interim financial statements are based on IFRSs issued and outstanding as of September 21, 2015, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed consolidated interim financial statements as compared with the most recent annual financial statements as at and for the year ended January 31, 2014. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ended January 31, 2015 could result in restatement of these condensed consolidated interim financial statements.

*New standards not yet adopted and interpretations issued but not in effect in the most recent annual statements as at and for the year ended January 31, 2015.*

*There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent annual statements as at and for the year ended January 31, 2015.*

**3. MINERAL PROPERTIES:**

	<b>Balance July 31, 2015</b>	<b>Balance January 31, 2015</b>
<b>Afton, Clement &amp; Scholes Township</b>	<b>\$ 12,000</b>	<b>\$ 12,000</b>
	<b>\$12,000</b>	<b>\$ 12,000</b>

(a) Grenfell Township, Ontario

In 2009, the Company acquired a 100% interest in a property in the township of Grenfell for cash consideration of \$71,144 which \$1 was allocated to the mineral property claim. On February 28, 2014 the Company agreed to sell the property, land and building and exploration and evaluation assets. An amount of \$1 has been allocated to the mineral property interest...

(b) Afton, Clement and Scholes Townships, Ontario

The Afton, Clement, Scholes properties consist of 16 claims and in the Sudbury Mining Division of Ontario (5 claims in Afton Township, 10 Claims in Clement Township and one claim on Scholes Township. 2 of the claims are 100% owned by Patrick Michael Harrington (1 in Afton, 1 in Clement) and the remaining claims are 100% owned by John Peter Rapski. Mr. Harrington and Mr. Rapski have both completed applications to transfer ownership of the unpatented mining claims over to Gar Limited.

(c) Luck Iris Property, Burt Gross and Flavelle Townships, Ontario

The Lucky Irish Property is a mineral property containing 41 mineral claims owned by 2158879 Ontario Limited. The property is located in Burt, Gross and Flavelle Townships in the Larder Lake Mining Division of Ontario.

On April 14, 2014, the Company signed an option agreement to acquire a mineral property containing 41 mining claims from 2158879 Ontario Limited (a private company) which are located in Burt, Gross and Flavelle Townships in the Larder Lake Mining Division of Ontario. These claims are known as The Lucky Irish Property.

The Company can obtain a 100% interest in the property by making payments of 500,000 common shares over an eight year period totaling 4,000,000 common shares. The property is subject to a 3% net smelter return ("NSR"). The NSR is owned by the President of Gar Limited who also owns 79.8% interest in 2158879 Ontario Limited.

On October 24, 2014, Morgan Resources Corp. ("Morgan" or "Morgan Resources") (TSXN: MOR) executed an agreement to acquire a 51% interest in the Lucky Irish base metal and precious metal property. In order to earn this interest Morgan must spend \$2,500,000 in mining exploration expenditures on the Lucky Irish Property, make cash payments of \$750,000 (Paid \$100,000); and the issue of 1,400,000 common shares (issued 300,000) over a period of four years. The Company valued the shares received at \$36,000 which was a reflection of the market value on the date of the agreement (300,000 x \$0.12 = \$45,000). \$25,000 of the proceeds were used to reduce the cost base of the Lucky Irish property to Nil and the balance was recognized on the statement of operations as mineral properties option payments received.

On May 5, 2015, Gar Limited terminated the Lucky Irish Property option with Morgan Resources Corporation to comply with the terms of the option agreement. Gar Limited recuperated 100% ownership of the Lucky Irish Property.

**4. Share capital**

(i) Common Shares

The Company's authorized share capital is comprised of an unlimited number of common shares. 11,198,630 common shares were issued and outstanding as at July 31, 2015 and 11,198,630 were issued as at January 31, 2015.

(ii) Issued

	Number of Shares	Amount
Balance, January 31, 2014	9,378,630	\$ 2,194,249
Warrants exercised during the year	1,320,000	99,000
Share capital issued for proceeds as an option payment	500,000	25,000
Fair value of warrants exercised	-	34,250
Balance January 31, 2015 and July 31, 2015	11,198,630	\$ 2,352,499

(iii) Shares issued to Extinguish Debt

On December 30, 2013, the Company issued 7,400,000 common share units in settlement of \$370,000 in respect of loans and advances from related parties. Each unit was sold for \$0.05 per unit and comprised one common share and one common share purchase warrant. Each Warrant is exercisable at a price per share of \$0.075 for a period of 2 years.

(iv) Shares Issued to Extinguish Debt

On December 30, 2013, the Company issued 500,000 common shares in settlement of \$25,000 in respect of advances from a former President of the Company. As a result of this settlement the Company recognized a gain from debt settlement of \$293,102 and this amount is included in the statements of comprehensive income (loss)

(v) Shares Issued as Part of Option Agreement

On November 12, 2014 the Company issued 500,000 common shares valued at \$25,000 as an option payment to 2158879 Ontario Limited.

**Warrants**

On March 25, 2014, the Company issued 220,000 common shares for proceeds of \$16,500 in respect of 220,000 warrants issued to the President of the company.

On November 11, 2014 the Company issued 1,100,000 common shares for proceeds of \$82,500 in respect of 1,100,000 of warrants issued to the President of the Company.

	Number of Warrants	Amount	Weighted Average Exercise Price
Balance, January 31, 2014	7,900,000	\$204,980	\$0.75
Warrants exercised during the year	(1,320,000)	(34,250)	0.75
Balance January 31, 2015 and July 31, 2015	6,580,000	\$170,730	0.75

**4. Share capital (continued)**

The fair value at the issue date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the warrant, the impact of dilution, the share price at the issue date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the warrant. The company issues all warrants at an exercise price equal or greater than the market value of the underlying common shares on the date of issue. The fair value of these warrants were calculated using the Black-Scholes valuation model with the following assumptions: 24 month expected term; 126% expected volatility; risk-free interest rate of 1.00%; and a dividend yield of 100%.

The pricing model requires the input of highly subjective assumptions noted above. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's warrants.

**5. Basic and Diluted Loss Per Share**

	<b>Three Months Ended July 31, 2015</b>	<b>Year Ended January 31, 2015</b>
<b>Net Income (loss) for the period</b>	<b>\$ (103,081)</b>	<b>\$ (37,651)</b>
<b>Weighted average number of common shares outstanding</b>	<b>11,198,630</b>	<b>10,651,890</b>
<b>Basic loss per share</b>	<b>\$ (0.09)</b>	<b>\$ (0.04)</b>
<b>Diluted loss per share</b>	<b>\$ (0.09)</b>	<b>\$ (0.04)</b>

**6. Related Party Transactions**

The following related party transactions occurred and were expensed in the financial statements during the three month period ended July 31, 2015 and January 31, 2015 as follows:

During the three month period ended July 31, 2015 two officers' of the Company were paid or accrued \$15,000 (2014 \$15,000) for management fees.

During the three months ended July 31, 2015 a family member of the President were paid or accrued \$3,000 (2014 – \$3,000) for office occupancy costs.

**Due to related parties**

The advances are from two officer of the Company, a company controlled by the officer and another related company. The advances bear no interest and have no specified terms of repayment.

As at July 31, 2015 total due to related parties balance is \$67,375 (January 31, 2015 - \$32,263).

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

**7. Segmented information**

The Company operates in one operating reporting segment, being mineral exploration and development in Canada. The Company's principal mineral interests are located in Burt, Gross and Flavelle Townships in the Larder Lake Mining Division of Ontario and in the Afton, Clement and Scholes Townships in the Sudbury Mining Division of Ontario. In addition, all of the Company's assets, liabilities and expenses are in Canada.

**8. Subsequent events**

There are no subsequent events to report up to and September 21, 2015, the date the Board of Directors approved these financial statements.

**9. Cash Flow Supplementary Information**

	<b>Three Months Ended July 31, 2015</b>	<b>Year Ended January 31, 2015</b>
<b>Common shares issued as part of property agreements</b>	<b>\$ nil</b>	<b>\$ nil</b>
<b>Capital stock issued to extinguish debt</b>	<b>\$ nil</b>	<b>\$ nil</b>
<b>Interest paid</b>	<b>\$ nil</b>	<b>\$ nil</b>

**10. Comparative figures**

Certain comparative figures have been reclassified to conform to the current year's presentation. These reclassifications did not affect prior period's net losses.