GAR Limited

(AN EXPLORATION STAGE COMPANY)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTH PERIOD ENDED APRIL 30, 2016

EXPRESSED IN CANADIAN DOLLARS

Management’s Responsibilities for Financial Statements

The accompanying unaudited 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.

ON BEHALF OF THE BOARD:

"John Rapski"
DIRECTOR

"Wm. Andrew Campbell"
DIRECTOR

GAR LIMITED

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT APRIL 30, 2016 AND JANUARY 31, 2016

(UNAUDITED)

		APRIL 30 2016		JANUARY 31 2016
ASSETS				
Current				
Cash and cash equivalents	**$**	**2,853**	$	555
Short-term investments		**265**		1,020
Prepaid expenses and other		**600**		600
Accounts receivable		**609**		881
TOTAL ASSETS	**$**	**4,327**	$	3,056
Current				
Accounts payable and accrued liabilities	**$**	**23,109**	$	24,501
Individual related parties		**121,780**		102,274
Current liabilities		**144,889**		126,775
Non-current				
SHAREHOLDERS' EQUITY				
Capital stock (Note 4)		**2,377,499**		2,377,499
Deficit		**(2,518,061)**		(2,501,218)
Total shareholders' equity		**(140,562)**		(123,719)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**4,327**	$	3,056

Going Concern (Note 2(c))

ON BEHALF OF THE BOARD:

"John Rapski"
DIRECTOR

"Wm. Andrew Campbell"
DIRECTOR

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

GAR LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

THREE MONTH PERIODS ENDED APRIL 30, 2016 AND 2015

(UNAUDITED)

	3 months ended April 30	
	2016	2015
OTHER EXPENSES		
Advertising & promotion	**$ 420**	$ 11,067
Consulting fees	**594**	3,650
Finance charges	**1,409**	-
Professional fees	**2,949**	850
Office	**71**	823
Registrar and transfer agent fees	**1,500**	2,650
Occupancy costs	**3,000**	3,000
General exploration expenditures	**1,200**	1,100
Management fees	**9,000**	15,000
	20,143	38,140
Unrealized loss on marketable securities	**-**	(9,000)
Gain on disposal of assets	**3,300**	-
LOSS AND COMPREHENSIVE LOSS	**(16,843)**	(47,140)
Weighted average number of common shares outstanding (Note 4)	**11,698,630**	11,198,630
Diluted weighted average shares outstanding (Note 4)	**11,698,630**	11,198,630
BASIC AND DILUTED LOSS PER COMMON SHARE	**$ 0.00**	$ 0.00

Going Concern (Note 2(c))

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

GAR LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

THREE MONTH PERIODS ENDED APRIL 30, 2016 AND 2015

(UNAUDITED)

		2016		2015
OPERATING ACTIVITIES				
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$**	**(16,843)**	$	(47,140)
ADD ITEMS NOT REQUIRING CASH				
Unrealized loss on marketable securities		**-**		9,000
Gain on sale of investments		**(3,300)**		-
CHANGES IN NON-CASH WORKING CAPITAL ITEMS				
Accounts receivable		**272**		(530)
Prepaid expenses		**-**		550
Accounts payable and accrued liabilities		**(1,392)**		(8,889)
CASH INFLOWS (OUTFLOWS) FROM OPERATIONS		**(21,263)**		(47,009)
INVESTING ACTIVITIES				
Net proceeds from sale of investments		**4,055**		-
CASH OUTFLOWS FROM INVESTING ACTIVITIES		**4,055**		-
FINANCING ACTIVITIES				
Due to related parties		**19,506**		1,606
CASH INFLOWS FROM FINANCING ACTIVITIES		**19,506**		1,606
CHANGE IN CASH DURING THE PERIOD		**2,298**		(45,403)
CASH AND CASH EQUIVALENTS, beginning of period		**555**		54,679
CASH AND CASH EQUIVALENTS, end of period	**$**	**2,853**	$	9,276

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

GAR LIMITED

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

THREE MONTH PERIODS ENDED APRIL 30, 2016 AND 2015

(UNAUDITED)

	Capital Stock	Options	Warrants	Contributed Surplus	Deficit	TOTAL
Balance, February 1, 2015	**$ 2,352,499**	**$ -**	**$ 170,730**	**$ -**	**$ (2,475,897)**	**$ 47,332**
Net income (loss)	-	-	-	-	(196,051)	**(196,051)**
Shares issued for properties option payments	25,000	-	-	-	-	**25,000**
Warrants expired	-	-	(170,730)	-	170,730	**-**
Balance, January 31, 2016	**$ 2,377,499**	**$ -**	**$ -**	**$ -**	**$ (2,501,218)**	**$ (123,719)**
Balance, February 1, 2015	**$ 2,352,499**	**$ -**	**$ 170,730**	**$ -**	**$ (2,475,897)**	**$ 47,332**
Net income (loss)	-	-	-	-	(47,140)	**(47,140)**
Balance, April 30, 2015	**$ 2,352,499**	**$ -**	**$ 170,730**	**$ -**	**$ (2,523,037)**	**$ 192**
Balance, January 31, 2016	**$ 2,377,499**	**$ -**	**$ -**	**$ -**	**$ (2,501,218)**	**$ (123,719)**
Net income (loss)	-	-	-	-	(16,843)	**(16,843)**
Balance, April 30, 2016	**$ 2,377,499**	**$ -**	**$ -**	**$ -**	**$ (2,518,061)**	**$ (140,562)**

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

1. DESCRIPTION OF BUSINESS

GAR Limited (the "Company") was incorporated under the laws of Ontario on February 20, 1987.

The Company's principal business activity is the acquisition and exploration of mineral property interests in Northern Ontario, Canada. The Company is considered to be in the exploration stage and substantially all of the Company's efforts are devoted to financing and developing these property interests. The Company has not determined whether its properties contain ore reserves which are economically recoverable. The recovery of the amounts shown for mining properties is dependent upon the existence of economically recoverable ore reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of its properties.

GAR Limited has incorporated a wholly owned subsidiary GAR Limited S.A. which has unsuccessfully applied for two concessions in Nicaragua, Central America. The first concession is an antimony prospect. The second is a tungsten, molybdenum and gold prospect. The Company's subsidiary is currently inactive.

The address of the Company's corporate office and principal place of business is 288 Kenogami Lane, Swastika, Ontario P0K 1T0.

2. BASIS OF PRESENTATION

(a) Statement of Compliance with International Financial Reporting Standards

The financial statements of the Company for the year-ending January 31, 2017 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements for the three month period ended April 30, 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's 2016 annual audited financial statements which describes the Company's significant accounting policies under IFRS.

The unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 29, 2016.

(b) Basis of Presentation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis.

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. BASIS OF PRESENTATION *(continued)*

(c) Going Concern

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities and commitments in the normal course of business as they become due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Company incurred a net loss of $16,843 during the period ended April 30, 2016 and, as of that date the Company's deficit was $2,518,061. The Company had a working capital deficiency of $140,562 as at April 30, 2016 which is insufficient to meet its obligations as outlined in Notes 5 to the financial statements. These conditions raise significant doubt about the Company's ability to continue as a going concern. The Company has not generated revenue from operations. As the Company is in the exploration and evaluation stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

These financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used that would be necessary if the going concern assumptions were not appropriate.

(d) Standards issued but not yet effective

IFRS 9: Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

IInformation about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

(a) Mineral Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

(b) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

(c) Share-Based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model. This estimate also requires determining the most appropriate inputs to the Black Scholes valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

4. CAPITAL STOCK

The Company is authorized to issue an unlimited number of common shares.

The following is a summary of changes in common share capital:

	Number of Shares		Amount
Balance - January 31, 2015	11,198,630	$	2,352,499
Shares issued for option payment	500,000		25,000
Balance - January 31, 2016	11,698,630	$	2,377,499
Balance, April 30, 2016	11,698,630	$	2,377,499

4. CAPITAL STOCK *(continued)*

Diluted weighted average number of shares outstanding

	3 months ended April 30	
	2016	2015
Basic weighted average shares outstanding:	**11,698,630**	11,198,630
Diluted weighted average shares outstanding	**11,698,630**	11,198,630

(a) On May 22, 2015 the Company issued 500,000 shares valued at $25,000 as an option payment to a company controlled by the president.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

Currency Risk

The Company's functional and reporting currency is the Canadian dollar and the Company only holds cash balances in Canadian dollars, which is not subject to foreign exchange risk.

Interest Rate and Credit Risk

Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities. The ability of the Company to develop its mining properties and the future profitability of the Company is directly related to the market price of minerals.

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at April 30, 2016, the Company had a cash and cash equivalents and short term investments balance of $3,118 to settle current financial liabilities of $144,889.

The Company will require additional funding to maintain corporate and administrative functions and to fund its continuing exploration activities and commitments.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS *(continued)*

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of silver and gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

6. RELATED PARTY TRANSACTIONS

Key personnel is defined as those who have authority and responsibility for planning, directing, controlling the activities of the company, directly or indirectly. Includes all directors.

(a) Management fees of $9000 (2016 - $15000) were paid or accrued to the President of the company.

(b) Management fees of $- (2016 - $3000) were paid or accrued to an officer of the company.

(c) Office occupancy fees of $3,000 (2016 - $3,000) were paid or accrued to a family member of the President of the Company.

(d) A private company controlled by the President of the Company entered into an option agreement with the Company to acquire a mineral property containing 41 claims (Note 5(c).

Due to Related Parties:

(a) The advances are from two officers of the Company and a family member of the President of the Company. The advances bear no interest and have no specific terms of repayment.

(b) As at April 30, 2016 the total due to related parties balance is $121780 (January 31, 2016 - 102,274).

(c) 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 the exploration and development of mineral properties in Canada.

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers its capital to be shareholders' equity, which is comprised of share capital, warrants, and deficit.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions. The Company is not subject to externally imposed capital requirements.