

GAR Limited

Condensed Consolidated Interim Financial Statements (An Exploration Stage Company) (Unaudited, Expressed in Canadian Dollars)

For the Comparative Three and Six Months Ended July 31, 2016
And
For the Three Months and Six Months Ended July 31, 2015

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, 2016</u> | <u>As at January 31, 2016</u> |
|--|------------------------------------|---------------------------------------|
| ASSETS | | |
| Current | | |
| Cash and cash equivalent | \$ - | \$ 555 |
| Marketable securities | 490 | 1,020 |
| Prepaid expenses and deposits | 600 | 600 |
| Receivables | 979 | 881 |
| Current assets | <u>2,069</u> | <u>3,056</u> |
| Non-current assets | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 2,069</u> | <u>\$ 3,056</u> |
| LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) EQUITY | | |
| Current | | |
| Bank indebtedness | \$ 3 | \$ - |
| Accounts payable and accrued liabilities | 17,820 | 24,501 |
| Due to related parties (Note 6) | 154,454 | 102,274 |
| Current liabilities | <u>172,277</u> | <u>126,775</u> |
| Non-current | | |
| Shareholders' (Deficiency) | | |
| Capital stock (Note 4) | 2,377,499 | 2,377,499 |
| Deficit | (2,547,707) | (2,501,218) |
| Total shareholders' equity | <u>(170,208)</u> | <u>(123,719)</u> |
| Total Liabilities and Shareholder's Equity | <u>\$ 2,069</u> | <u>\$ 3,056</u> |

***Going concern (Note 1)**

Approved on behalf of the Board September 22, 2016

“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, 2016 | Three Months Ended July 31, 2015 |
|---|--|--|
| OPERATING EXPENSES | | |
| Advertising & promotion | \$ 7,283 | \$ - |
| Depreciation | - | (1) |
| Consulting fees | 220 | 858 |
| General exploration expenditures | - | 7,162 |
| Management fees Note 7) | 13,500 | 15,000 |
| Legal & audit | - | 9,258 |
| Rent – office | 3,000 | 3,000 |
| Transfer agent's & regulatory fees | 5,191 | 3,285 |
| Travel & accommodation | - | 1,538 |
| Office, general & administration | 1,107 | 856 |
| | <u>29,881</u> | <u>45,016</u> |
| (Loss) before other items | (29,881) | (45,016) |
| Other Item: | | |
| Write down of marketable securities | - | (9,000) |
| Gain (loss) on sale of marketable securities | 235 | (10,425) |
| Net loss and comprehensive loss for the period | \$ (29,846) | \$ (64,441) |
| Basic and diluted loss per common share | \$ (0.00) | \$ 0.00 |
| Weighted average number of common shares outstanding | 11,698,630 | 11,198,630 |

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)

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| | Six Months Ended July 31, 2016 | Six Months Ended July 31, 2015 |
|---|--------------------------------------|--------------------------------------|
| OPERATING EXPENSES | | |
| Advertising & promotion | \$ 7,282 | \$ 13,228 |
| Automobile | - | 1,898 |
| Consulting fees | 814 | 4,808 |
| General exploration expenditures | 1,200 | 7,962 |
| Management fees Note 6) | 22,500 | 30,000 |
| Legal & audit | 2,949 | 10,109 |
| Office rent | 6,000 | 6,000 |
| Transfer agent's & regulatory fees | 6,691 | 6,435 |
| Travel & accommodation | - | 1,537 |
| Office, general & administration | 1,409 | 1679 |
| (Loss) before other items | (48,845) | (83,656) |
| Other items: | - | - |
| Write down of marketable securities | - | (9,000) |
| Gain (loss) on sale of marketable securities | 2,356 | (10,427) |
| Net loss and comprehensive loss for the period | \$ (46,489) | \$ (103,081) |
| Basic and diluted loss per common share | \$ (0.00) | \$ 0.00 |
| Weighted average number of common shares outstanding | 11,698,630 | 11,198,630 |

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 | 11,198,630 | \$ 2,352,499 | \$ 170,730 | \$ (2,475,897) | \$ 47,332 |
| Net (loss) for the period | | | | (103,081) | (103,081) |
| Balance at, July 31, 2015 | 11,198,630 | \$ 2,352,499 | \$ 170,730 | \$ (2,578,978) | \$ (55,749) |
| Expiry of warrants | | | (170,730) | 170,730 | - |
| Issue of shares for property payments | 500,000 | 25,000 | - | | 25,000 |
| Net (loss) or the period | | | | (92,970) | (92,970) |
| Balance, at January 31, 2016 | 11,698,630 | 2,377,499 | \$ - | \$ (2,501,218) | \$ (123,719) |
| Net income Loss for the period | | | | (46,489) | (46,489) |
| Balance at, July 31, 2016 | 11,698,630 | 2,377,499 | \$ - | \$ (2,547,707) | \$ (170,208) |

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, | |
|---|------------------------------|-----------------|
| | 2016 | 2015 |
| Cash flows - operating activities | | |
| Net Income (loss) for the year | \$ (46,489) | \$ (103,081) |
| Adjustments for: | | |
| (Gain) loss on sale of marketable securities | (2,356) | - |
| Unrealized loss on temporary investments | - | 9,000 |
| Net change in working capital excluding cash | | |
| Accounts receivable | (98) | (3,294) |
| Prepaid expenses | - | 550 |
| Related parties | 52,180 | 35,122 |
| Accounts payable and accrued liabilities | (6,680) | (677) |
| Cash flows (used in) from operating activities | <u>(3,443)</u> | <u>(62,380)</u> |
| Cash flows from investing activity | | |
| Proceeds on disposal of temporary investments | 3,375 | 17,999 |
| Purchases of temporary investments | (490) | (3,219) |
| Cash flows provided by financing activity | <u>2,885</u> | <u>14,780</u> |
| Increase in cash and cash equivalents | (558) | (46,710) |
| Cash and cash equivalents, beginning of year | <u>555</u> | <u>54,679</u> |
| Cash and cash equivalents, end of period | <u>\$ (3)</u> | <u>\$ 7,069</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 \$(46,489) for the six month period ended July 31, 2016 (2015 - \$103,081) and as at that date the Company's deficit was \$2,547,707 (January 31, 2016 - \$2,501,218). 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 22, 2016, 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, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ended January 31, 2016 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, 2017.

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, 2016.

3. MINERAL PROPERTIES:

| | Balance July 31, 2016 | Balance January 31, 2016 |
|--|--------------------------------------|---|
| Afton, Clement & Scholes Township | \$ nil | \$ nil |
| | \$nil | \$ nil |

(a) 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. The property was written down to nil in the 4th. Quarter of 2016.

(b) 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. 11,698,630 common shares were issued and outstanding as at July 31, 2016 and 11,698,630 were issued as at January 31, 2016.

(ii) Issued

| | 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 and July 31, 2016 | 11,698,630 | \$ 2,377,499 |

(iii) 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, 2015 | 6,580,000 | \$ 170,730 | \$0.75 |
| Warrants expired during the year | (6,580,000) | (170,730) | (0.75) |
| Balance January 31, 2016 and July 31, 2016 | nil | \$ nil | nil |

4. Basic and Diluted Loss Per Share

| | Six Months Ended July 31, 2016 | Year Ended January 31, 2016 |
|---|--------------------------------------|-----------------------------------|
| Net Income (loss) for the period | \$ (46,489) | \$ (196,051) |
| Weighted average number of common shares outstanding | 11,698,630 | 11,546,575 |
| Basic loss per share | \$ (0.004) | \$ (0.017) |
| Diluted loss per share | \$ (0.004) | \$ (0.017) |

5. Related Party Transactions

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

- (a) Management fees of \$9,000 (2016 - \$9,000 were paid or accrued to the President of the Company.
- (b) Management fees of \$4,500 (2016 - \$6,000 were paid or accrued to an Officer of the Company.
- (c) Office Occupancy costs 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 to acquire a mineral property containing 41 claims (Note 3(b).

Due to related parties

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

As at July 31, 2016 the total due to related parties balance is \$154,454 (January 31, 2016 - \$102,274).

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 22, 2016, the date the Board of Directors approved these financial statements.

9. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objective including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

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 and exploration 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 defines capital that it manages as share capital and cash.

The Company is in the exploration stage; as such the Company has relied on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

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 is not subject to any external capital requirements.

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.