Spirit Bear Capital Corp.
(A Capital Pool Company)

Condensed Interim Financial Statements
For the three and nine months ended October 31, 2012
(Expressed in Canadian Dollars - unaudited)

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Index to Condensed Interim Financial Statements
For the three and nine months ended October 31, 2012
(Expressed in Canadian Dollars – unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed 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 standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

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

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars – unaudited)

	October 31, 2012	January 31, 2012
	$	$
ASSETS		
Current		
Cash and cash equivalents (Note 3)	270,457	99,955
HST receivable	32	-
TOTAL ASSETS	270,489	99,955
LIABILITIES		
Current		
Accounts payable and accrued liabilities	2,799	5,943
Total Liabilities	2,799	5,943
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	269,249	100,001
Reserves (Note 5)	60,972	-
Accumulated deficit	(62,531)	(5,989)
Total Shareholders' Equity	267,690	94,012
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	270,489	99,955

Nature and continuance of operations (Note 1)

These condensed interim financial statements are authorized for issuance by the Board of Directors on December 20, 2012.

On Behalf of the Board of Directors:

"Michael Waldkirch"	"Richard Silas"
Director	Director

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

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars – unaudited)

	For the three months ended October 31, 2012	For the nine months ended October 31, 2012	For the period from incorporation on November 8, 2011 to January 31, 2012
	$	**$**	**$**
Expenses			
Bank charge and interest	24	104	46
Professional fees	1,120	9,204	5,943
Regulatory and shareholders' service	981	6,091	-
Share-based compensation	-	42,150	-
Loss for the period	(2,125)	(57,549)	(5,989)
Interest income	630	1,007	-
Loss and comprehensive loss for the period	(1,495)	(56,542)	(5,989)
Basic and diluted loss per share	(0.00)	(0.03)	-
Weighted average number of common shares outstanding	3,000,000	1,872,263	-

Basic and diluted loss per share does not include the effect of 2,000,012 escrowed shares which are contingently returnable.

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

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars – unaudited)

	For the nine months ended October 31, 2012	For the period from incorporation on November 8, 2011 to January 31, 2012
	$	**$**
Cash flows used in operating activities		
Net loss for the period	(56,542)	(5,989)
Item not affecting cash and cash equivalents:		
Share-based compensation	42,150	-
Changes in non-cash working capital items		
HST receivable	(32)	-
Accounts payable and accrued liabilities	(3,144)	5,943
	(17,568)	(46)
Cash flows from financing activities		
Proceed from share issuances	300,000	100,001
Share issuance costs	(111,930)	-
	188,070	100,001
Net change in cash and cash equivalents	170,502	99,955
Cash and cash equivalents, beginning of period	99,955	-
Cash and cash equivalents, end of period	270,457	99,955
Non-cash transactions		
Financing fees – agent's options	18,822	-

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

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars – unaudited)

	Number of Shares Issued	Share Capital	Reserves	Accumulated Deficit	Total Shareholders' Equity
		$	$	$	$
Beginning Balance	-	-	-	-	-
Issuance of incorporation share	1	1	-	-	1
Repurchase and cancellation of incorporation share	(1)	(1)	-	-	(1)
Shares issued from incorporation	2,000,012	100,001	-	-	100,001
Loss for the period	-	-	-	(5,989)	(5,989)
Balance at January 31, 2012	**2,000,012**	**100,001**	**-**	**(5,989)**	**94,012**
Shares issued from IPO	3,000,000	300,000	-	-	300,000
Share issuance costs	-	(111,930)	-	-	(111,930)
Agent's options issued for IPO	-	(18,822)	18,822	-	-
Share-based compensation	-	-	42,150	-	42,150
Net loss for the period	-	-	-	(56,542)	(56,542)
Balance at October 31, 2012	**5,000,012**	**269,249**	**60,972**	**(62,531)**	**267,690**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Spirit Bear Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on November 8, 2011. On May 14, 2012, the Company completed its Initial Public Offering ("IPO") and is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4 (Note 8). On May 16, 2012, the Company began trading its stock on the TSX-V under the symbol SBG.P. The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

The Company's head office, principal address and registered and records office is located at 300-576 Seymour Street, Vancouver, British Columbia, Canada, V6B 3K1.

These condensed interim financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses within 24 months of listing on the TSX-V. These uncertainties cast significant doubt upon the entity's ability to continue as a going concern. Such a transaction will be subject to regulatory approval and may be subject to shareholder approval.

There is no assurance that the Company will complete a transaction within twenty-four months from the date the Company's shares are listed on the TSX-V, at which time the TSX-V may suspend or de-list the Company's shares from trading.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of these financial statements.

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the financial statements of the Company for the period ended January 31, 2012.

The accounting policies applied in preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's financial statements for the period ended January 31, 2012.

Basis of preparation

These condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The interim financial statements are presented in Canadian dollars unless otherwise noted.

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

Cash and cash equivalents

The Company considers cash to include cash on deposit and highly liquid short-term investments bearing variable interest rates that are readily convertible to known amounts of cash and generally have maturities within three months. Interest earned is recognized immediately in profit or loss.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of share-based compensation other equity-based payments and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

<u>Valuation of share-based compensation</u>

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

<u>Income taxes</u>

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors indentified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

(Expressed in Canadian Dollars – unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the period ended October 31, 2012 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending January 31, 2014 or later:

a) IFRS 7 – Financial Instruments: Disclosures applied to offsetting financial assets and financial liabilities in accordance with IAS 32. It is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

b) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2015 with early adoption permitted. The Company does not expect any effect on the Company's financial statements.

c) IFRS 13 – Fair Value Measurement is a comprehensive standard that defines fair value, requires disclosure about fair value measurement and provides a framework for measuring fair value when it is required or permitted within the IFRS standards. It is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company does not expect any effect on the Company's financial statements.

d) IAS 1 – Presentation of Financial Statements amendment requires components of other comprehensive income (OCI) to be separately presented between those that may be reclassified to income and those that will not. The amendments are effective for annual periods beginning on or after July 1, 2012. The Company does not expect any effect on the Company's financial statements.

e) IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014. The Company does not expect any effect on the Company's financial statements.

3. CASH AND CASH EQUIVALENTS

	October 31, 2012	January 31, 2012
	$	$
Cash at bank	14,450	-
Cash held in lawyers' trust account	5,000	99,955
Cash equivalents	251,007	-
	270,457	**99,955**

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2012	January 31, 2012
	$	$
Accounts payable	299	-
Accrued liabilities	2,500	5,943
	2,799	**5,943**

(Expressed in Canadian Dollars – unaudited)

5. SHARE CAPITAL AND RESERVES

Authorized Share Capital

Unlimited number of common shares without par value

Issued Share Capital

In November 2011, the Company issued 1 common share at $0.05 per share for a total value of $0.05.

In November 2011, the Company issued 2,000,011 common shares at $0.05 per share for a total value of $100,001.

In May 2012, the Company completed its IPO of 3,000,000 common shares at $0.10 per share for gross proceeds of $300,000. The agent was paid a cash commission of $30,000, corporate finance fee of $16,800, and expense reimbursements of $13,970. The Company also incurred further expenses of $51,160 related to the IPO.

All of these issued shares will be subject to escrow restrictions until completion of the Qualifying Transaction, and will then be released from escrow in tranches over 36 months from its listing on the TSX-V.

Stock Options

The Company has an incentive stock options plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

Pursuant to the IPO, the Company granted 300,000 stock options for a period of two years, valued at $0.06 per option for a total of $18,822 calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk free rate of 1.11%, a forfeiture rate of 0%, and volatility of 125%.

In May 2012, the Company granted 500,000 stock options for a period of five years, valued at $0.08 per option for a total of $42,150 calculated using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free rate of 1.31%, a forfeiture rate of 0%, and volatility of 125%.

A summary of stock option activities are as follows:

	Number of options	Weighted average exercise price
		$
Outstanding at November 8, 2011 and January 31, 2012	-	-
Granted	800,000	0.10
Outstanding at October 31, 2012	800,000	0.10

(Expressed in Canadian Dollars – unaudited)

5. SHARE CAPITAL AND RESERVES - (continued)

A summary of the stock options outstanding and exercisable at October 31, 2012 is as follows:

Exercise price	Number outstanding	Number exercisable	Expiry date
$			
0.10	300,000	300,000	May 14, 2014
0.10	500,000	500,000	May 14, 2017
	800,000	800,000	

The stock option reserve records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If vested options expire unexercised or are forfeited, the amount recorded is transferred to deficit.

6. SEGMENTED INFORMATION

The Company has one geographic segment, being Canada, and one operating segment, being to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 the Company's HST receivable and accounts payable and accrued liabilities approximate their carrying value. The Company's other financial instrument, being cash and cash equivalents, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk:
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited the cash with its bank and lawyer's trust account from which management believes the risk of loss is remote.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - (continued)

(b) Liquidity risk:
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.

(c) Market risk:
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(d) Currency risk:
The Company’s operations and financing activities are conducted in Canadian dollars and as a result, the Company is not subject to significant exposure to market risks from changes in foreign currency rates.

(e) Interest rate risk:
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

8. RELATED PARTY TRANSACTIONS

During the nine months ended October 31, 2012, the Company entered into the following transactions with related parties, not disclosed elsewhere in these financial statements:

i. $2,500 was included in accounts payable and accrued liabilities owing to a company controlled by a director and officer of the Company.

Summary of key management personnel compensation:

	For the nine months ended October 31, 2012
	$
Professional fees	5,636
Share-based compensation	42,150
	47,786

9. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms and approved by the TSX-V.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in TSX-V Exchange Policy 2.4 and summarized below:

1) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction;

2) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a Qualifying Transaction;

3) No more than the lesser of $210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate Qualifying Transactions;

4) After the completion of its IPO and until the completion of a Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the Exchange is obtained before the issuance of the securities.