

**Spirit Bear Capital Corp.**  
(A Capital Pool Company)

**Condensed Interim Financial Statements**  
**For the three months ended April 30, 2017**  
**(Expressed in Canadian Dollars – Unaudited)**

**SPIRIT BEAR CAPITAL CORP.**  
**(A Capital Pool Company)**  
Index to Condensed Interim Financial Statements  
For the three months ended April 30, 2017  
(Expressed in Canadian Dollars – Unaudited)

---

---

|   | <b><u>Page</u></b> |
|---|--------------------|
| <b>Notice To Reader</b>   | 3                  |
| <b>Condensed Interim Financial Statements</b>                   |                    |
| Condensed Interim Statements of Financial Position              | 4                  |
| Condensed Interim Statements of Comprehensive Loss              | 5                  |
| Condensed Interim Statements of Cash Flows                      | 6                  |
| Condensed Interim Statements of Changes in Shareholders' Equity | 7                  |
| Notes to Condensed Interim Financial Statements                 | 8-12               |

**SPIRIT BEAR CAPITAL CORP.**

**(A Capital Pool Company)**

Notice to Reader

For the three months ended April 30, 2017

(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 condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada 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 condensed interim 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)

|   | April 30, 2017   | January 31, 2017 |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>ASSETS</b>                                     |                  |                  |
| <b>Current</b>                                    |                  |                  |
| Cash and cash equivalents (Note 3)                | 152,791          | 154,733          |
| GST receivable                                    | 1,700            | 1,582            |
| Prepaid expense                                   | 833              | 886              |
|   | <u>155,324</u>   | <u>157,201</u>   |
| <b>TOTAL ASSETS</b>                               | <b>155,324</b>   | <b>157,201</b>   |
| <b>LIABILITIES</b>                                |                  |                  |
| <b>Current</b>                                    |                  |                  |
| Trade payables and accrued liabilities (Note 4)   | <u>13,511</u>    | <u>8,500</u>     |
| <b>SHAREHOLDERS' EQUITY</b>                       |                  |                  |
| Share capital (Note 5)                            | 269,249          | 269,249          |
| Reserve (Note 5)                                  | 42,150           | 42,150           |
| Accumulated deficit                               | <u>(169,586)</u> | <u>(162,698)</u> |
|   | <u>141,813</u>   | <u>148,701</u>   |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>155,324</b>   | <b>157,201</b>   |

**Nature and continuance of operations** (Note 1)

These condensed interim financial statements are authorized for issuance by the Board of Directors on June 28, 2017.

**On behalf of the Board of Directors:**

\_\_\_\_\_  
“Michael Waldkirch”  
Director

\_\_\_\_\_  
“James Anderson”  
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)

|  | <b>For the three months ended April 30,</b> |                  |
|--|---|------------------|
|  | <b>2017</b>                                 | <b>2016</b>      |
|  | \$  | \$               |
| <b>Expenses</b>  |   |                  |
| Bank charges   | 27  | 27               |
| Professional fees  | 4,700                                       | 4,990            |
| Regulatory and shareholders' service   | 2,335                                       | 3,839            |
|  | <u>(7,062)</u>                              | <u>(8,856)</u>   |
| Interest income  | 174   | 283              |
|  | <u>174</u>                                  | <u>283</u>       |
| <b>Loss and comprehensive loss for the period</b>  | <b>(6,888)</b>                              | <b>(8,573)</b>   |
| <b>Basic and diluted loss per share</b>  | <b>(0.00)</b>                               | <b>(0.00)</b>    |
| <b>Weighted average number of common<br/>shares outstanding – basic and diluted (Note 5)</b> | <b>3,000,000</b>                            | <b>3,000,000</b> |

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)

|   | <b>For the three months ended April 30,</b> |                |
|---|---|----------------|
|   | <b>2017</b>                                 | <b>2016</b>    |
|   | <b>\$</b>                                   | <b>\$</b>      |
| <b>Cash flows used in operating activities</b>        |   |                |
| Net loss for the period                               | (6,888)                                     | (8,573)        |
| Changes in non-cash working capital items             |   |                |
| GST receivable  | (118)                                       | (245)          |
| Prepaid expense                                       | 53  | -              |
| Trade payables and accrued liabilities                | 5,011                                       | 3,419          |
|   | <u>(1,942)</u>                              | <u>(5,399)</u> |
| <b>Decrease in cash and cash equivalents</b>          | (1,942)                                     | (5,399)        |
| <b>Cash and cash equivalents, beginning of period</b> | <u>154,733</u>                              | <u>189,014</u> |
| <b>Cash and cash equivalents, end of period</b>       | <u>152,791</u>                              | <u>183,615</u> |

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)

|                                    | <b>Number of<br/>Shares Issued</b> | <b>Share Capital</b> | <b>Reserve</b> | <b>Accumulated<br/>Deficit</b> | <b>Total<br/>Shareholders'<br/>Equity</b> |
|------------------------------------|------------------------------------|----------------------|----------------|--------------------------------|---|
|                                    |                                    | <b>\$</b>            | <b>\$</b>      | <b>\$</b>                      | <b>\$</b>                                 |
| <b>Balance at January 31, 2016</b> | <b>4,000,006</b>                   | <b>269,249</b>       | <b>42,150</b>  | <b>(128,481)</b>               | <b>182,918</b>                            |
| Net loss for the period            | -                                  | -                    | -              | (8,573)                        | (8,573)                                   |
| <b>Balance at April 30, 2016</b>   | <b>4,000,006</b>                   | <b>269,249</b>       | <b>42,150</b>  | <b>(137,054)</b>               | <b>174,345</b>                            |
| Net loss for the period            | -                                  | -                    | -              | (25,644)                       | (25,644)                                  |
| <b>Balance at January 31, 2017</b> | <b>4,000,006</b>                   | <b>269,249</b>       | <b>42,150</b>  | <b>(162,698)</b>               | <b>148,701</b>                            |
| Net loss for the period            | -                                  | -                    | -              | (6,888)                        | (6,888)                                   |
| <b>Balance at April 30, 2017</b>   | <b>4,000,006</b>                   | <b>269,249</b>       | <b>42,150</b>  | <b>(169,586)</b>               | <b>141,813</b>                            |

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

**SPIRIT BEAR CAPITAL CORP.**  
**(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements  
For the three months ended April 30, 2017  
(Expressed in Canadian Dollars – Unaudited)

---

**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. The Company is classified as a Capital Pool Company (“CPC”) while the principal business is the identification and evaluation of assets or a business (the “Qualifying Transaction” (“QT”)) 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. As the Company was unable to complete its QT by the filing deadline, the Company requested to transfer the listing of the Company’s common shares to the NEX trading board of the TSX Venture Exchange (“TSX-V”) and reinstate the Company’s shares for trading. The Company is presently listed and trading on the NEX under the symbol SBG.H.

The Company’s head office, principal address and registered and records office is located at 1780 – 400 Burrard Street, Vancouver, British Columbia, Canada, V6C 3A6.

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. Such a transaction will be subject to regulatory approval and may be subject to shareholder approval. Management believes the Company has sufficient working capital to maintain its activities for the upcoming fiscal year.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies used in the preparation of these condensed interim 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 year ended January 31, 2017.

The accounting policies applied in preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company’s financial statements for the year ended January 31, 2017.

**Basis of presentation**

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 condensed interim financial statements are presented in Canadian dollars unless otherwise noted.



**SPIRIT BEAR CAPITAL CORP.**  
**(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements  
For the three months ended April 30, 2017  
(Expressed in Canadian Dollars – Unaudited)

---

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Significant estimates and assumptions**

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and the recoverability and measurement of deferred tax assets.

**Significant judgments**

The preparation of condensed interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's condensed interim financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

**Accounting standards and amendments not yet adopted**

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended April 30, 2017 and have not been applied in preparing these condensed interim financial statements. The Company is currently considering the possible effects of the revised standard which will be effective to the Company's financial statements for the year ending January 31, 2018 or later:

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, 2018 with early adoption permitted. The Company does not expect any effect on the Company's condensed interim financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's condensed interim financial statements.

**3. CASH AND CASH EQUIVALENTS**

|                | <b>April 30, 2017</b> | <b>January 31, 2017</b> |
|----------------|-----------------------|-------------------------|
|                | \$                    | \$                      |
| Cash at bank   | 9,454                 | 11,570                  |
| Demand deposit | 143,337               | 143,163                 |
|                | <b>152,791</b>        | <b>154,733</b>          |

**SPIRIT BEAR CAPITAL CORP.**  
**(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements  
For the three months ended April 30, 2017  
(Expressed in Canadian Dollars – Unaudited)

**4. TRADE PAYABLES AND ACCRUED LIABILITIES**

|                     | <b>April 30, 2017</b> | <b>January 31, 2017</b> |
|---------------------|-----------------------|-------------------------|
|                     | \$                    | \$                      |
| Trade payables      | 311                   | -                       |
| Accrued liabilities | 13,200                | 8,500                   |
|                     | <b>13,511</b>         | <b>8,500</b>            |

**5. SHARE CAPITAL AND RESERVE**

**Authorized Share Capital**

Unlimited number of common shares without par value.

**Escrow Shares**

There were 1,000,006 shares (January 31, 2017 – 1,000,006) subject to escrow restrictions until completion of a QT and would then be released from escrow in tranches over 36 months. The 1,000,006 escrow shares are not included in the calculation of the weighted average number of shares outstanding to determine loss per share.

**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 5 years and vesting periods are determined by the Board of Directors.

A summary of the stock options outstanding and exercisable at April 30, 2017 is as follows:

| <b>Exercise price</b> | <b>Number outstanding</b> | <b>Number exercisable</b> | <b>Expiry date</b>                              |
|-----------------------|---------------------------|---------------------------|---|
| \$                    |                           |                           |   |
| 0.10                  | 500,000                   | 500,000                   | May 14, 2017 (subsequently expired unexercised) |

The weighted average life of outstanding stock options is 0.04 year (January 31, 2017 – 0.29 years).

**Reserve**

The reserve account records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. Amounts recorded for forfeited or expired stock options are transferred to deficit in the year of forfeiture or expiry.

**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.

**SPIRIT BEAR CAPITAL CORP.**  
**(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements  
For the three months ended April 30, 2017  
(Expressed in Canadian Dollars – Unaudited)

---

**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 GST receivable and accounts payables 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 and cash equivalents held in bank accounts. The Company has deposited the cash and cash equivalents with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.
- (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. Trade payables 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. The Company is not exposed to market risk.
- (d) 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.

**SPIRIT BEAR CAPITAL CORP.**  
**(A Capital Pool Company)**

Notes to Condensed Interim Financial Statements  
For the three months ended April 30, 2017  
(Expressed in Canadian Dollars – Unaudited)

---

**8. 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 QT. 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 favorable terms and approved by the TSX-V.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in the TSX-V 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 QT;
- 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 QT;
- 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 QT;
- 4) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

There were no changes in the Company's approach to capital management during the three months ended April 30, 2017.