Spirit Bear Capital Corp.
(A Capital Pool Company)

Consolidated Financial Statements
For the three months ended April 30, 2019
Unaudited
Expressed in Canadian Dollars

SPIRIT BEAR CAPITAL CORP.
(A Capital Pool Company)
Index to Consolidated Interim Financial Statements
For the three months ended April 30, 2019
Expressed in Canadian Dollars
Unaudited

NOTICE OF NO AUDITOR REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited consolidated 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 consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of consolidated 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 consolidated interim financial statements, they must be accompanied by a notice indicating that the consolidated interim financial statements have not been reviewed by an auditor

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

ASSETS	April 30, 2019	January 31, 2019
Current		
Cash and cash equivalents (Note 3)	$ 715,660	$ 963,641
Receivables	4,152	1,417
Loan receivable (Note 1)	210,500	10,500
Credit facility (Note 1)	23,750	3,500
Prepaid expense	379	5,541
TOTAL ASSETS	**$ 954,441**	**$ 984,599**
LIABILITIES		
Current		
Trade payables and accrued liabilities (Note 4)	$ 107,770	$ 89,646
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	1,248,051	1,248,051
Reserve (Note 5)	42,150	42,150
Accumulated deficit	(443,530)	(395,248)
	846,671	894,953
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 954,441**	**$ 984,599**

Nature and continuance of operations (Note 1)

These consolidated interim financial statements are authorized for issuance by the Board of Directors on July 2, 2019.

On behalf of the Board of Directors:

“Zula Kropivnitski”	“John LaGourgue”
Director	Director

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

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

	For the three months ended April 30, 2019	2018
Expenses		
Bank charges	$ 72	$ 69
Professional fees	23,510	67,613
Office administration	4,720	4,500
Promotion	962	768
Regulatory and shareholders' service	4,169	10,269
	33,433	83,219
Other items		
Qualifying transaction (Note 1)	15,006	-
Interest income	(157)	(155)
Loss and comprehensive loss for the period	**$ (48,282)**	**$ (83,064)**
Basic and diluted loss per share	**$ (0.00)**	**$ (0.01)**
Weighted average number of common shares outstanding – basic and diluted (Note 5)	**28,800,012**	**9,400,006**

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

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

	For the three months ended April 30,			
	2019		2018	
Cash flows used in operating activities				
Net loss for the year	$	(48,282)	$	(83,064)
Changes in working capital items				
Receivable		(2,735)		(4,156)
Prepaid expenses		5,162		1,578
Trade payables and accrued liabilities		18,124		72,264
		(27,731)		(13,378)
Cash used in investing activities				
Loan receivable		(220,250)		-
		(220,250)		-
Increase in cash and cash equivalents		(247,981)		(13,378)
Cash and cash equivalents, beginning of period		963,641		621,924
Cash and cash equivalents, end of period	$	715,660	$	608,546

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

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

	Number of Shares Issued	Share Capital	Reserve	Accumulated Deficit	Total Shareholders' Equity
Balance at January 31, 2018	18,800,012	776,267	42,150	(281,430)	536,987
Net loss for the period	-	-	-	(83,064)	(83,064)
Balance, April 30, 2018	18,800,012	776,267	42,150	(364,494)	453,923
Balance at January 31, 2019	28,800,012	$ 1,248,051	$ 42,150	$ (395,248)	$ 894,953
Net loss for the period	-	-	-	(48,282)	(48,282)
Balance at April 30, 2019	**28,800,012**	**$ 1,248,051**	**$ 42,150**	**$ (443,530)**	**$ 846,671**

The accompanying notes are an integral part of these consolidated 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. 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.

On January 31, 2019, the Company entered into an amalgamation agreement (the "Amalgamation Agreement") with Gaia Grow Corp. ("Gaia"), a privately held arm's length company continued under the laws of the *Business Corporations Act* (British Columbia). Gaia's principal business activity is the identification and evaluation of companies, assets or businesses with a view to completing a business combination and, on March 22, 2019, Gaia acquired all of the issued and outstanding common shares of Gaia Bio-Pharmaceuticals Inc. ("Gaia Bio"). Gaia Bio is in the business of developing a facility and infrastructure for the manufacturing and marketing of hemp-based products in Canada. Subsequent to the contemplated amalgamation, the resulting issuer will continue to carry on the business of Gaia Bio.

In accordance with the terms of the Amalgamation Agreement (Note 1), the Company, 1193805 B.C. and Gaia will combine their respective businesses by way of a three-cornered amalgamation (the "Transaction"), following which Gaia will continue as a wholly owned subsidiary of the Company. Following completion of the Transaction, it is anticipated that the amalgamated company will change its name to Gaia Grow Corp. and the resulting issuer will continue to carry on the business of Gaia.

In connection with completion of the Transaction, it is a condition to closing that Gaia completes a private placement financing through the offering of up to 40 million subscription receipts (the "Receipts") at a price of 10 cents per receipt for gross proceeds of up to $4 million. Proceeds of the financing will be held in escrow pending completion of the Transaction. Immediately prior to completion of the Transaction, each Receipt will automatically be converted into one common share of Gaia. Upon completion of the Transaction, the holders of common shares in the capital of Gaia will receive one common share of the resulting issuer in exchange for each outstanding common share of Gaia.

The Transaction will constitute a QT for the Company under Policy 2.4. Closing of the Transaction is subject to a number of conditions including completion of the financing, approval of the TSX-V, approval of the Company's shareholders and satisfaction of other closing conditions as are customary in transactions of this nature.

During the three months ended April 30, 2019, the Company provided a loan of $200,000 to Gaia. During the year ended January 31, 2019, the Company provided a loan of $10,500 to Gaia. The loans are non-interest bearing and repayable on demand after May 31, 2019.

Subject to the approval of the TSX-V, the Company has also offered a credit facility to Gaia. It is expected that total advances under the credit facility will be limited to $200,000, and that the credit facility will be secured against a general charge over all of the assets of Gaia. The credit facility does not bear interest, but will be repayable in full by Gaia in the event the Transaction does not proceed.

On June 28, 2019 the Qualifying Transaction was conditionally accepted by the TSX Venture Exchange.

The Company's head office, principal address and registered and records office is located at Suite 303, 750 West Pender Street Vancouver, BC V6C 2T7.

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

These consolidated 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. BASIS OF PREPARATION

Basis of consolidation

The consolidated financial statements include the accounts of the Company and the Company's wholly-owned subsidiary 1193805 B.C. Ltd. ("1193805 B.C."). All inter-company transactions and balances have been eliminated.

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of presentation

These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets, financial liabilities and investments to fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

The presentation and functional currency of the Company is the Canadian dollar.

Significant estimates and assumptions

The preparation of 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 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 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.

2. BASIS OF PREPARATION (continued)

Basic and diluted loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. For the years presented, this calculation proved to be anti-dilutive.

Financial instruments

The Company adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") on a retroactive basis in accordance with the transitional provisions. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). The standard promulgates a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. The adoption of IFRS 9 did not result in any change in the carrying values of any of the Company's financial assets on the transition date; therefore, comparative figures have not been restated.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

<u>(i) Classification</u>

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

<u>(ii) Measurement</u>

<u>Financial assets and liabilities at amortized cost</u>
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

<u>Financial assets and liabilities at FVTPL</u>
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise.

<u>Debt investments at FVOCI</u>
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

2. BASIS OF PREPARATION (continued)

Financial instruments (continued)

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since

(iii) Impairment of financial assets at amortized cost (continued)

initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Income taxes (continued)

Deferred income tax:

Deferred income tax is based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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 year ended January 31, 2019 and have not been applied in preparing these financial statements.

Amendments to IFRS 11, “Joint Arrangements”

Amendments to International Accounting Standards (“IAS”) 1, “Presentation of Financial Statements”

IAS 12 – Income Taxes: amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses.

The Company has not early adopted these revised standards and does not believe that these standards will have a material impact on the 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 financial statements.

3. CASH AND CASH EQUIVALENTS

	April 30, 2019	January 31, 2019
Cash at bank	$ 586,606	$ 834,587
Demand deposit	129,054	129,054
	$ 715,660	**$ 963,641**

4. TRADE PAYABLES AND ACCRUED LIABILITIES

	April 30, 2019	January 31, 2019
Trade payables	$ 64,346	$ 52,546
Accrued liabilities	43,424	37,100
	$ 107,770	**$ 89,646**

5. SHARE CAPITAL AND RESERVE

Authorized Share Capital:

Unlimited number of common shares without par value.

Issued Share Capital:

No shares were issued during the three months ended April 30, 2019.

On December 6, 2018 the Company completed a forward share split on the basis of 1:2. All share amounts are stated on a post forward share split basis.

On October 9, 2018 the Company closed a private placement and issued a total of 10,000,000 common shares at a price of $0.0475 per share, for gross proceeds of $475,000. The Company paid $3,216 in share issuance costs.

Escrow Shares

There are 2,000,012 shares (January 31, 2019 – 2,000,012) subject to escrow restrictions until completion of a QT and will then be released from escrow in tranches over 36 months. The 2,000,012 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.

There were no stock option transactions outstanding at April 30, 2019 and January 31, 2019. No stock options were granted during the three months ended April 30, 2019 and January 31, 2019.

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.

6. 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 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.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

7. 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 ("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;

7. CAPITAL DISCLOSURE AND MANAGEMENT (continued)

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, 2019 and year ended January 31, 2019.