

BOND RESOURCES INC.

FINANCIAL STATEMENTS

For the three months ended September 30, 2019 and 2018

(Stated in Canadian Dollars)

(Unaudited)

BOND RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)
(Unaudited)

	September 30, 2019	June 30, 2019
Current assets		
Cash	\$ 248,250	\$ 275,087
Amounts receivable	17,288	15,945
Prepaid expenses and advances	241	-
Total Current Assets	265,779	291,032
Non-Current assets		
Exploration and Evaluation Assets – Note 3	116,539	103,823
Total Assets	\$ 382,318	\$ 394,855
Current liabilities		
Trade and other payables – Note 5	\$ 53,404	\$ 34,747
Share capital – Note 4	562,840	562,840
Equity reserve	90,100	90,100
Accumulated deficit	(324,026)	(292,832)
Total Equity	328,914	360,108
Total Liabilities and Equity	\$ 382,318	\$ 394,855

Subsequent Event – Note 9

APPROVED ON BEHALF OF THE DIRECTORS:

<u>“Robert Eadie”</u> Robert Eadie	Director	<u>“Gary Arca”</u> Gary Arca	Director
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The accompanying notes form an integral part of these financial statements

BOND RESOURCES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Stated in Canadian Dollars)
(Unaudited)

For the three months ended September 30,	2019	2018
Expenses:		
Accounting and audit fees – Note 5	\$ 1,500	\$ 1,500
Legal and corporate services – Note 5	4,493	6,563
Management services – Note 5	16,500	-
Office, rent and administration – Note 5	5,964	5,148
Transfer agent and filing fees	2,737	-
Total expenses	31,194	13,211
Total loss and comprehensive loss for the period	\$ (31,194)	\$ (13,211)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)
Weighted average shares outstanding – basic and diluted –Note 6	5,850,000	3,651,087

The accompanying notes form an integral part of these financial statements

BOND RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)
(Unaudited)

For the three months ended September 30,	2019	2018
Operating Activities:		
Loss for the period	\$ (31,194)	\$ (13,211)
Changes in non-cash working capital items:		
Accounts receivable	(1,343)	(1,314)
Accounts payable	18,657	-
Prepaid Expenses	(241)	-
Cash outflow from operating activities	(14,121)	(14,525)
Investing Activity:		
Mineral property expenditures	(12,716)	-
Financing Activities:		
Proceeds from share issuances	-	105,000
Share issuance cost	-	(17,665)
Cash inflows from financing activities	-	87,335
Total increase/ (decrease) in cash during the period	(26,837)	72,810
Cash, beginning of the period	275,087	62,486
Cash, end of the period	\$ 248,250	\$ 135,296

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BOND RESOURCES INC.
STATEMENT OF CHANGES IN EQUITY
(Stated in Canadian Dollars)
(Unaudited)

	Number of Shares Outstanding	Share capital	Equity reserve	Accumulated deficit	Total equity
Balance – June 30, 2018	3,400,000	\$ 203,000	\$ -	\$ (28,868)	\$ 174,132
Common shares issued pursuant to:					
-Private placement of \$0.15	700,000	105,000	-	-	105,000
Share issue cost:					
-Private placement finance fee	-	(25,165)	-	-	(25,165)
-broker warrants	-	(4,500)	4,500	-	-
Net loss for the period	-	-	-	(13,211)	(13,211)
Balance, September 30, 2018	4,100,000	278,335	4,500	(42,079)	240,756
Common shares issued pursuant to:					
-Initial Public Offering at \$0.20	1,750,000	350,000	-	-	350,000
Share issue cost:					
- Initial Public Offering finance fee	-	(65,495)	-	-	(65,495)
-broker warrants	-	-	15,400	-	15,400
Share-based compensation	-	-	70,200	-	70,200
Net loss for the period	-	-	-	(250,753)	(250,753)
Balance, June 30, 2019	5,850,000	562,840	90,100	(292,832)	360,108
Net loss for the period	-	-	-	(31,194)	(31,194)
Balance – September 30, 2019	5,858,000	\$ 562,840	\$ 90,100	\$ (324,026)	\$ 328,914

The accompanying notes form an integral part of these financial statements

BOND RESOURCES INC.
NOTES TO THE FINANCIAL STATEMENTS
(Stated in Canadian Dollars)
(Unaudited)

Note 1 **Corporate Information**

Bond Resources Inc. (the “Company” or “Bond”) was incorporated on January 22, 2007 under the *Business Corporations Act* of British Columbia as J. Bond Capital Corporation. It did not commence operations until August 15, 2017. The Company changed its legal name to Bond Resources Inc. on November 16, 2018. The Company is listed on the Canadian Securities Exchange (the “CSE”), the Company’s shares commenced trading on the CSE on May 2, 2019 under the trading symbol “BJB”. The Company is an exploration-stage company holding a 100% interest in two mineral properties in British Columbia, Canada.

The address of the Company’s corporate office and principal place of business is 750 – 580 Hornby Street, Vancouver, British Columbia, Canada.

Note 2 **Basis of Preparation**

a) Statement of Compliance

These unaudited condensed interim financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim financial statements, for the three months period ended September 30, 2019, have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, and do not include all the information required for full annual financial statement. The financial statements were authorized for issue by the Board of Directors on November 25 2019.

These condensed interim financial statements should be read in conjunction with the Company’s June 30, 2019 audited annual financial statements.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis, except certain financial instruments, which are measured at fair value, as explained in the Company’s accounting policies discussed in note 3 of the Company’s June 30, 2019 audited annual financial statements.

The financial statements are presented in Canadian dollars, which is also the parent company’s functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 of the Company’s June 30, 2019 audited annual financial statements.

BOND RESOURCES INC.

Notes to the Financial Statements

September 30, 2019

(Stated in Canadian Dollars) - Page 2

Note 2 Basis of Preparationc) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a loss of \$31,194 during the period ended September 30, 2019. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. While the Company has been successful in obtaining the necessary financing through the issuance of common shares in the past, there is no assurance it will be able to raise funds in this manner in the future. As at September 30, 2019, the Company had \$248,250 in cash, working capital of \$212,375 and no long-term debt.

As the Company's mineral properties are in the exploration stage, the recoverability of the costs incurred to date on its exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. These financial statements 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 operations, and at amounts different from those in the accompanying financial statements.

Note 3 Exploration and Evaluation Assets

	Aspen Project	Bearcat Project
Exploration Costs:		
Balance, June 30, 2018	\$ 101,454	\$ -
Geological costs	1,684	-
Travel and meals	625	-
Claim maintenance, permits and taxes	60	-
Balance, June 30, 2019	\$ 103,823	-
Geological costs	3,590	-
Field cost and storage	362	-
Truck usage & repairs	1,695	-
Travel and Meals	3,687	386
Sample analysis	2,996	-
Balance, September 30, 2019	\$ 116,153	\$ 386
Exploration and evaluation assets, June 30, 2019	\$ 103,823	\$ -
Exploration and evaluation assets, September 30, 2019	\$ 116,153	\$ 386

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Notes to the Financial Statements

September 30, 2019

(Stated in Canadian Dollars) - Page 3

Note 3 Exploration and Evaluation Assets – (cont'd)

The Aspen claim block is a 1,292 hectare, early stage, prospective mineral exploration property located on the Nechako Plateau near the geographic centre of British Columbia, approximately 162 kilometres west-southwest of Prince George acquired by staking.

During the period ended September 30, 2019, the Company acquired, through staking, the Bearcat mineral property near Nazko, British Columbia. The Bearcat claim block is a 214 hectare, early stage, prospective mineral exploration property.

Note 4 Share Capital and Equity Reserve

Common Shares

The Company is authorized to issue an unlimited number of no par value common shares, issuable in series. The holders of common shares are entitled to one vote per share at meetings of the Company and to receive dividends, which may be declared from time-to-time. To date, equity financings have provided the main source of financing.

No dividends have been declared by the Company since its inception. All shares are ranked equally with regard to the Company's residual net assets.

Issuances for Cash

On August 28, 2018, the Company completed a private placement, for proceeds of \$105,000 through the issuance of 700,000 shares at a price of \$0.15 per Unit. The Company issued 56,000 agents warrants exercisable at a price of \$0.15 to August 28, 2020. Share issue costs include \$4,500 calculated as the fair value of the agents' warrants. The Company incurred share issue costs of \$25,165 for these placements.

On May 1, 2019, the Company completed its initial public offering ("IPO") of 1,750,000 common shares at a price of \$0.20 per share, for aggregate gross proceeds of \$350,000. The Company's shares commenced trading on the CSE on May 2, 2019.

As a result of the closing of the IPO, the Company has 5,850,000 common shares issued and outstanding, of which 2,802,500 Shares are subject to a three-year escrow restriction to be released as to 10% on May 2, 2019 (released), with an additional 15% released every six months thereafter over a 36-month period. An aggregate of 140,000 agents' options were granted on closing, each entitling the holder to acquire one common share of the Company at \$0.20 for two years to May 2, 2021. Share issue costs include \$15,400 calculated as the fair value of the agents' warrants. The Company incurred share issue costs of \$65,495 for these placements.

On June 24, 2019, the Company granted 585,000 stock options at a price of \$0.20 for five years. Share based compensation includes \$70,200 calculated as the fair value of the stock options.

The fair value of agents' warrants and options above were determined using the Black-Scholes model with the following assumptions:

BOND RESOURCES INC.

Notes to the Financial Statements

September 30, 2019

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Note 4 Share Capital and Equity Reserve - (cont'd)*Issuances for Cash – (cont'd)*

Issue date	Expected option life (years)	Risk free interest rate	Dividend yield	Expected volatility	Expected forfeiture rate	Weighted average fair value
August 28, 2018	2.00	2.14%	0.00%	100%*	0.00%	\$0.08
May 1, 2019	2.00	1.55%	0.00%	100%*	0.00%	\$0.11
June 24, 2019	5.00	1.34%	0.00%	100%	0.00%	\$0.12

* Volatility was determined using the historical volatility rate of comparable companies.

At September 30, 2019 585,000 stock options and 196,000 agent warrants are outstanding.

Share-Based Payments

The Company, in accordance with the policies of the Exchange, is authorized to grant share purchase options to directors, officers, employees and service providers to acquire up to 10% of common shares then outstanding (the “Plan”). Under the Plan, options may be granted at no less than the closing market price of the Company’s shares on the day preceding the grant for a maximum term of 5 years.

No amounts are paid or payable by the recipient on receipt and the options are not dependent on any performance-based criteria. Share purchase options will vest when granted except where granted for investor relations activities which vest and may be exercised in accordance with the vesting provisions as to ¼ of the options each 3 months.

Note 5 Related Party Transactions

The following is a summary of charges incurred by the Company with related parties for the period ended September 30, 2019 and 2018:

Period ended September 30,	2019	2018
Accounting fees	\$ 1,500	\$ 1,500
Legal and corporate services	2,138	3,563
Management fees	16,500	-
Office, rent and administration	3,000	3,000
Total	\$ 23,138	\$ 8,063

During the year ended September 30, 2019, the Company incurred operational expenses totalling \$23,138 (September 30, 2018: \$8,063) from companies controlled by directors and officers of the Company. Included in trade and other payables at September 30, 2019 is \$33,000 (June 30, 2019: \$16,500) owed to an officer and director and a company controlled by an officer and director for management fees.

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Notes to the Financial Statements

September 30, 2019

(Stated in Canadian Dollars) - Page 5

Note 6 **Loss Per Share**

The denominator for the calculation of loss per share, being the weighted average number of common shares for the period ended September 30, 2019 and 2018 is calculated as follows:

<u>Period ended September 30,</u>	<u>2019</u>	<u>2018</u>
Issued and outstanding shares at the beginning of the period	5,850,000	3,400,000
<u>Weighted average shares issued during the period</u>	<u>-</u>	<u>251,087</u>
Weighted average number of common shares (basic and diluted)	5,850,000	3,651,087

Note 7 **Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

Note 8 **Financial Instruments**

As at September 30, 2019, the Company's financial instruments consist of cash and trade and other payables.

The fair value of the Company's trade and other payables approximate their carrying value, which is the amount on the statements of financial position, due to their short-term maturities. The Company's cash is carried at Fair Value Through Profit or Loss ("FVTPL"), where fair value is calculated in accordance with level 1 of the fair value hierarchy.

a) **Interest Rate Risk**

Interest rate risk is the possibility that the value of an investment will decline as the result of an unexpected change in interest rates. The Company's cash earns interest at a variable interest rate. Because of the nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2019. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

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Notes to the Financial Statements

September 30, 2019

(Stated in Canadian Dollars) - Page 6

Note 8 Financial Instruments – (cont'd)

b) Interest Rate Risk – (cont'd)

- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

c) 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 is exposed to credit risk with respect to its cash, the balance of which at September 30, 2019 is \$248,250. As at that date, cash was held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

d) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. Additional cash requirements could be met with the issuance of additional share capital, however there is no assurance the Company will be able to raise funds in this manner in the future. As at September 30, 2019, the Company was holding cash of \$248,250 and trade and other payables of \$53,404.

Note 9 Subsequent Event

Mary K Property in Idaho

The Company signed a Letter of Intent ("LOI") dated November 14, 2019 with two arm's length individuals (together the "Assignors") whereby, in consideration of 57,000,000 shares (the "Consideration Shares") to be issued to the Assignors, the Company will acquire by way of assignment all of the contractual interests held by the Assignors in the mineral properties and related claims and property interests in a 450-acre parcel more commonly known as the Mary K. Property in the State of Idaho, USA. (the "Transaction").

The Assignors have negotiated the general terms and provisions whereby they have been granted the exclusive option to acquire over a period of five years, an undivided 90% right, title and interest in and to the Mary K Property, free and clear of all charges, encumbrances, claims, royalties, or other interests except for a 5% State Royalty, for a total purchase price of US\$10,000,000 (the "Purchase Price").

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Notes to the Financial Statements

September 30, 2019

(Stated in Canadian Dollars) - Page 7

Note 9 Subsequent Event – (cont'd)

As consideration for the assignment, the Company will issue the Consideration Shares and assume all obligations of the Assignors to the Property owners, which include the following initial payments forming part of the Purchase Price:

- A non-refundable deposit of US\$50,000 (paid);
- US\$350,000 on or before December 25, 2019;
- US\$100,000 on or before January 25, 2020; and
- US\$100,000 on or before February 25, 2020.

The balance of the Purchase Price will be paid from revenues derived from operations on the Property and further financings if required.

The completion of the Transaction will be subject to the Company:

- completing its due diligence within 45 days from the date of the LOI;
- negotiate a definitive option agreement with the Property owners;
- All necessary consents, approvals and other authorizations of the CSE, the Bond shareholders, and any third-parties;
- A change in directors or officers as directed by the Assignors; and,
- Financing of at least Cdn\$1,200,000 to cover the initial cash payments contemplated in the assignment.

Private Placement

In conjunction with the Transaction, the Company will undertake a non-brokered private placement of up to \$1,200,000 (the “Financing”) through the issuance of up to 6,000,000 units (the “Units”) at a price of \$0.20 per Unit. Each Unit will be comprised of one common share and one-half of one common share purchase warrant (“Warrant”), with each whole Warrant entitling the holder to purchase one common share at a price of \$0.40 per share for a period of 2 years. If after the expiry of all resale restrictions, the closing price of the Company’s shares on the CSE is \$0.60 or greater for a period of 20 consecutive trading days, the Company may give notice of an accelerated expiry of the Warrants. Bond expects to pay finders’ fees of not more than 8% in cash and 8% in half-warrants (with terms similar to the Warrants) in connection with the Financing.