

BOND RESOURCES INC.

FINANCIAL STATEMENTS

For the six months ended December 31, 2019 and 2018

(Stated in Canadian Dollars)

(Unaudited)

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

	December 31, 2019	June 30, 2019
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Current assets		
Cash	\$ 91,405	\$ 275,087
Amounts receivable	20,104	15,945
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Total Current Assets	111,509	291,032
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Non-Current assets		
Exploration and evaluation assets – Note 3	128,565	103,823
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Total Assets	\$ 240,074	\$ 394,855
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Current liabilities		
Trade and other payables – Note 5	\$ 8,900	\$ 34,747
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Equity		
Share capital – Note 4	562,840	562,840
Equity reserve – Note 4	90,100	90,100
Accumulated deficit	(421,766)	(292,832)
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Total Equity	231,174	360,108
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Total Liabilities and Equity	\$ 240,074	\$ 394,855
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Subsequent events – Note 3 and 4

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 December 31,		For the six months ended December 31,	
	2019	2018	2019	2018
Expenses:				
Accounting and audit fees – Note 5	\$ 12,660	\$ 1,625	\$ 14,160	\$ 3,125
Legal and corporate services – Note 5	25,534	31,837	30,027	38,400
Management services – Note 5	16,500	-	33,000	-
Office, rent and administration – Note 5	32,909	4,511	38,873	9,659
Pre– exploration expenses	2,534	-	2,534	-
Shareholder communications	1,111	-	1,111	-
Transfer agent and filing fees	6,492	6,684	9,229	6,684
Total expenses	97,740	44,657	128,934	57,868
Total comprehensive loss for the period	\$ (97,740)	\$ (44,657)	\$ (128,934)	\$ (57,868)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average shares outstanding – basic and diluted - Note 6	5,850,000	4,100,000	5,850,000	3,875,543

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 six months ended December 31,	2019	2018
Operating Activities:		
Loss for the period	\$ (128,934)	\$ (57,868)
Changes in non-cash working capital items:		
Amounts receivable	(4,159)	(2,701)
Trade and other payables	(25,847)	(1,270)
Cash outflow from operating activities	(158,940)	(61,839)
Investing Activity:		
Expenditures on exploration and evaluation assets	(24,742)	(1,100)
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	(183,682)	24,396
Cash, beginning of the period	275,087	62,486
Cash, end of the period	\$ 91,405	\$ 86,882

The accompanying notes form an integral part of these financial statements

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	-	-	-	(57,868)	(57,868)
Balance, December 31, 2018	4,100,000	278,335	4,500	(86,736)	196,099
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	-	-	-	(206,096)	(206,096)
Balance, June 30, 2019	5,850,000	562,840	90,100	(292,832)	360,108
Net loss for the period	-	-	-	(128,934)	(128,934)
Balance – December 31, 2019	5,850,000	\$ 562,840	\$ 90,100	\$ (421,766)	\$ 231,174

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 six month period ended December 31, 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 statements. The financial statements were authorized for issue by the Board of Directors on February 21, 2020.

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.

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 or 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.

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Notes to the Financial Statements

December 31, 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 \$128,934 during the period ended December 31, 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 December 31, 2019, the Company had \$91,405 in cash, working capital of \$102,609 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	Total
Exploration Costs:			
Balance, June 30, 2018	\$ 101,454	\$ -	\$ 101,454
Geological costs	1,684	-	1,684
Travel and meals	625	-	625
Claim maintenance, permits and taxes	60	-	60
Balance, June 30, 2019	\$ 103,823	\$ -	\$ 103,823
Geological costs	11,365	-	11,365
Field cost and storage	490	-	490
Truck usage & repairs	2,865	-	2,865
Travel and meals	6,641	385	7,026
Sample analysis	2,996	-	2,996
Balance, December 31, 2019	\$ 128,180	\$ 385	\$ 128,565
Exploration and evaluation assets, June 30, 2019	\$ 103,823	\$ -	\$ 103,823
Exploration and evaluation assets, December 31, 2019	\$ 128,180	\$ 385	\$ 128,565

BOND RESOURCES INC.

Notes to the Financial Statements

December 31, 2019

(Stated in Canadian Dollars) - Page 3

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

The Aspen and Bearcat Properties

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 December 31, 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.

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”).

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\$50,000 towards land purchase (paid);
- US\$350,000 on or before December 25, 2019 (deferred to closing of transaction);
- US\$100,000 on or before January 25, 2020 (deferred to closing of transaction); and
- US\$100,000 on or before February 25, 2020 (deferred to closing of transaction).

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, (complete)
- Financing of at least Cdn\$1,200,000 to cover the initial cash payments contemplated in the assignment.

BOND RESOURCES INC.

Notes to the Financial Statements

December 31, 2019

(Stated in Canadian Dollars) - Page 4

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

Mary K Property in Idaho – (cont'd)

Upon completion of the Transaction, the Company shall be obligated to pay to the Finder, in consideration for the services performed by the Finder, a finder's fee equal to 3% of the Transaction value payable as to 1,710,000 common shares of the Company, which will be valued at fair market value at date of issuance.

Private Placement

In conjunction with the Transaction, the Company will undertake a non-brokered private placement of up to \$2,300,000 (the "Financing") (increased from \$1,200,000 by the Company per news release on February 4, 2020) through the issuance of up to 11,500,000 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.

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 maybe 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 this placement.

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.

BOND RESOURCES INC.

Notes to the Financial Statements

December 31, 2019

(Stated in Canadian Dollars) - Page 5

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

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' warrants 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 the IPO including the fair value of the agent warrants.

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:

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.*

Subsequent to the period ending 31 December, 2019, 30,000 options were cancelled, 555,000 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 10 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 December 31, 2019 and 2018:

BOND RESOURCES INC.

Notes to the Financial Statements

December 31, 2019

(Stated in Canadian Dollars) - Page 6

Note 5 **Related Party Transactions – (cont'd)**

Period ended December 31,	2019		2018	
Accounting fees	\$	3,000	\$	3,000
Legal and corporate services		14,250		17,100
Management fees		33,000		-
Office, rent and administration		6,000		6,000
Total	\$	56,250	\$	26,100

During the year ended December 31, 2019, the Company incurred operational expenses totalling \$56,250 (December 31, 2018: \$26,100) from companies controlled by directors and officers of the Company. Included in trade and other payables at December 31, 2019 is \$ nil (June 30, 2019: \$16,500) owed to an officer and director and a company controlled by an officer and director for management fees.

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 December 31, 2019 and 2018 is calculated as follows:

	Three months ended December 31,		Six months ended December 31,	
	2019	2018	2019	2018
Issued and outstanding, beginning of the period	5,850,000	4,100,000	5,850,000	3,400,000
Weighted average shares issued during the period	-	-	-	475,543
Basic and diluted weighted average number of shares	5,850,000	4,100,000	5,850,000	3,875,543

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 December 31, 2019, the Company's financial instruments consist of cash and trade and other payables.

BOND RESOURCES INC.

Notes to the Financial Statements

December 31, 2019

(Stated in Canadian Dollars) - Page 7

Note 8 Financial Instruments – (cont'd)

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 December 31, 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.
- (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.

b) 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 December 31, 2019 is \$91,405. As at that date, cash was held at a chartered Canadian financial institution and the Company does not consider the risks to be significant. Amounts receivable relate to GST.

c) 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 December 31, 2019, the Company was holding cash of \$91,405 and trade and other payables of \$8,900.