

**BOND RESOURCES INC.**

**FINANCIAL STATEMENTS**

**For the six months ended December 31, 2018 and 2017**

(Stated in Canadian Dollars)

(Unaudited)

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

	December 31, 2018	June 30, 2018
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash	\$ 86,882	\$ 62,486
Amounts receivable	9,181	6,480
Prepaid expenses and advances	17,500	25,000
<b>Total Current Assets</b>	<b>113,563</b>	<b>93,966</b>
<b>Non-Current assets</b>		
Exploration and Evaluation Assets – Note 3	102,554	101,454
<b>Total Assets</b>	<b>\$ 216,117</b>	<b>\$ 195,420</b>
<b><u>LIABILITIES</u></b>		
<b>Current liabilities</b>		
Trade and other payables	\$ 20,018	\$ 21,288
<b><u>SHARE EQUITY</u></b>		
Share capital – Note 4	278,335	203,000
Warrant reserve	4,500	-
Accumulated deficit	(86,736)	(28,868)
<b>Total Equity</b>	<b>196,099</b>	<b>174,132</b>
<b>Total Liabilities and Equity</b>	<b>\$ 216,117</b>	<b>\$ 195,420</b>

APPROVED ON BEHALF OF THE DIRECTORS:

<u>“Robert Eadie”</u> Robert Eadie	Director	<u>“Gary Arca”</u> Gary Arca	Director
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**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,	
	2018	2017	2018	2017
<b>Expenses:</b>				
Accounting and audit fees – Note 5	\$ 1,625	\$ -	\$ 3,125	\$ -
Legal and corporate services – Note 5	31,837	-	38,400	-
Transfer agent and filing fees	6,684	-	6,684	-
Office, rent and administration – Note 5	4,511	192	9,659	641
<b>Total expenses</b>	<b>44,657</b>	192	<b>57,868</b>	641
<b>Total comprehensive loss for the period</b>	<b>\$ (44,657)</b>	\$ (192)	<b>\$ (57,868)</b>	\$ (641)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average shares outstanding – basic and diluted - Note 6	4,100,000	2,029,348	3,875,543	1,214,674

The accompanying notes form an integral part of these financial statements

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

<b>For the six months ended December 31,</b>	<b>2018</b>	<b>2017</b>
Operating Activities:		
Loss for the period	\$ (57,868)	\$ (641)
Changes in non-cash working capital items:		
Accounts receivable	(2,701)	(4,132)
Accounts payable	(1,270)	2,936
Prepaid Expenses	-	1,000
Cash outflow from operating activities	<b>(61,839)</b>	(837)
Investing Activity:		
Mineral property expenditures	<b>(1,100)</b>	(87,169)
Financing Activities:		
Proceeds from share issuances	<b>105,000</b>	100,000
Share issuance cost	<b>(17,665)</b>	-
Cash inflows from financing activities	<b>87,335</b>	100,000
Total increase in cash during the period	<b>24,396</b>	11,994
Cash, beginning of the period	<b>62,486</b>	1
Cash, end of the period	<b>\$ 86,882</b>	\$ 11,995

The accompanying notes form an integral part of these financial statements

**BOND RESOURCES INC.**  
**STATEMENT OF CHANGES IN EQUITY**  
For the periods ended December 31, 2018 & 2017  
(Stated in Canadian Dollars)  
(Unaudited)

	Number of Shares Outstanding	Share capital	Warrant reserve	Accumulated deficit	Total equity
Balance- June 30, 2017	-	\$ -	\$ -	\$ -	-
Common shares issued pursuant to:					
-Private placement of \$0.01	800,000	8,000	-	-	8,000
-Private placement of \$0.05	1,300,000	65,000	-	-	65,000
Net loss for the period	-	-	-	(641)	(641)
Balance, December 31, 2017	2,100,000	73,000	-	(641)	72,359
Common shares issued pursuant to:					
-Private placement of \$0.10	1,300,000	130,000	-	-	130,000
Net loss for the period	-	-	-	(28,227)	(28,227)
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)
<b>Balance – December 31, 2018</b>	<b>4,100,000</b>	<b>\$ 278,335</b>	<b>\$ 4,500</b>	<b>\$ (86,736)</b>	<b>\$ 196,099</b>

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”) 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 a private company with plans to list on the CSE (see Note 4 – Share Capital and Equity Reserve). The Company is an exploration-stage company holding a 100% interest in one mineral property 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 months period ended December 31, 2018, 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.

These condensed interim financial statements should be read in conjunction with the Company’s June 30, 2018 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, 2018 audited annual financial statements.

The financial statements are presented in Canadian dollars, which is also the parent company’s functional currency, and all values are rounded to the nearest thousand dollars, unless otherwise indicated.

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, 2018 audited annual financial statements.

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Notes to the Financial Statements

December 31, 2018

(Stated in Canadian Dollars) - Page 2

**Note 2      Basis of Preparation – (cont'd)**c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a loss of \$57,868 during the six months ended December 31, 2018. 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. The Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting year. 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, 2018, the Company had \$86,882 in cash, working capital of \$93,545 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**

<b>Exploration costs:</b>	<b>Aspen Project</b>
Balance, June 30, 2017	\$ -
Geological costs	66,338
Claim maintenance, permits and taxes	3,000
Mapping and reports	119
Field cost and storage	1,101
Truck usage & repairs	3,937
Sample analysis	11,444
Travel and meals	15,515
Balance, June 30, 2018	\$ 101,454
Geological costs	1,100
<b>Exploration and evaluation assets, December 31, 2018</b>	<b>\$ 102,554</b>
<b>Exploration and evaluation assets, June 30, 2018</b>	<b>\$ 101,454</b>

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.

## BOND RESOURCES INC.

Notes to the Financial Statements

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### 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.

#### *Initial Public Offering*

On November 7, 2018, the Company entered into an Engagement Letter with Mackie Research Capital Corporation (the "Agent") for the qualification for distribution and initial public offering ("IPO") of up to 1,750,000 of its common shares on the CSE. The Agent will receive, (i) a commission of 8% of the gross proceeds of the Offering, including any Additional Shares; (ii) a corporate finance fee of \$30,000 (\$9,000 has been paid); (iii) Agent's Options equal 8% of the number of Shares sold to purchasers under the Offering. Each Agent's Option will entitle the Agent to acquire one common share at \$0.20 per share exercisable at any time for a period of 24 months after the date upon which the common shares of the Company are listed on the CSE. The IPO has been approved.

The Company has granted to the Agent the Over-Allotment Option to offer to sell the Additional Shares, being up to 15% of the number of Shares sold under the Offering. If the Agent exercises the Over-Allotment Option in full, the total Offering price to the public, the Agent's commission and the proceeds available to the Company (before deducting expenses) will be approximately \$402,500, \$32,200 and \$370,300, respectively.

#### *Issuances for Cash*

On August 15, 2017, the Company completed a private placement, for proceeds of \$8,000 through the issuance of 800,000 shares at a price of \$0.01 per share. The Company also completed a private placement on October 5, 2017, issuing 1,300,000 shares at a price of \$0.05 per share for proceeds of \$65,000. One additional private placement with two closings took place on January 19, 2018, and May 1, 2018 for aggregate proceeds of \$130,000 through the issuance of 1,300,000 shares at \$0.10 per Unit.

During the current period ending December 31, 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 incurred share issue costs of \$25,165 for this placement and issued 56,000 agents warrants exercisable at a price of \$0.15 for a period of 2 years. Total fair value of the agent warrants is \$4,500.

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

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

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Notes to the Financial Statements

December 31, 2018

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**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, 2018 and 2017:

<b>Period ended December 31,</b>	<b>2018</b>	<b>2017</b>
Accounting fees	\$ 3,000	\$ -
Legal and corporate services	17,100	-
Office, rent and administration	6,000	-
<b>Total</b>	<b>\$ 26,100</b>	<b>\$ -</b>

During the year ended December 31, 2018, the Company incurred operational expenses totalling \$26,100 from companies controlled by directors and officers of the Company. Included in accounts payable at December 31, 2018 is \$1,575 (June 30, 2018: \$NIL).

**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, 2018 and 2017 is calculated as follows:

	<b>Three months ended December 31,</b>		<b>Six months ended December 31,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Issued and outstanding, beginning of the period	4,100,000	800,000	3,400,000	-
Weighted average shares issued during the period	-	1,229,348	475,543	1,214,674
<b>Basic and diluted weighted average number of shares</b>	<b>4,100,000</b>	<b>2,029,348</b>	<b>3,875,543</b>	<b>1,214,674</b>

**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.

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Notes to the Financial Statements

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### **Note 8      Financial Instruments**

As at December 31, 2018, the Company's financial instruments consist of cash and trade and other payables.

The fair value of the Company's cash and trade and other payables approximate their carrying value, which is the amount on the statements of financial position, due to their short-term maturities or ability of prompt liquidation.

#### a) Interest Rate Risk

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, 2018. 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.

#### 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 is exposed to credit risk with respect to its cash, the balance of which at December 31, 2018 is \$86,882. As at that date, cash was held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

#### b) 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, 2018, the Company was holding cash of \$86,882 and trade and other payables of \$20,018.