BOND RESOURCES INC.

(Formerly J. Bond Capital Corporation)

FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(Stated in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bond Resources Inc.:

Opinion

We have audited the financial statements of Bond Resources Inc. (the "Company"), which comprise the statements of financial position as at June 30, 2019 and 2018, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.

October 21, 2019

BOND RESOURCES INC.
(Formerly J. Bond Capital Corporation)
STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)

		June 30, 2019		June 30, 2018
ASSETS				
Current assets				
Cash	**$**	**275,087**	$	62,486
Amounts receivable		**15,945**		6,480
Prepaid expenses and advances		**-**		25,000
Total Current Assets		**291,032**		93,966
Non-Current assets				
Exploration and evaluation assets – Note 5		**103,823**		101,454
Total Assets	**$**	**394,855**	$	195,420
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables – Note 7	**$**	**34,747**	$	21,288
Equity				
Share capital – Note 6		**562,840**		203,000
Equity reserve – Note 6		**90,100**		-
Accumulated deficit		**(292,832)**		(28,868)
Total Equity		**360,108**		174,132
Total Liabilities and Equity	**$**	**394,855**	$	195,420

Subsequent event – Note 12

APPROVED ON BEHALF OF THE DIRECTORS:

"Robert Eadie"	Director	*"Gary Arca"*	Director
Robert Eadie		Gary Arca	

BOND RESOURCES INC.
(Formerly J. Bond Capital Corporation)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Stated in Canadian Dollars)

For the year ended June 30,	**2019**	2018
Expenses:		
Accounting and audit fees – Note 7	**$ 21,750**	$ 8,000
Management fees – Note 7	**86,700**	-
Legal and corporate services – Note 7	**107,903**	13,550
Office, rent and administration – Note 7	**19,340**	7,296
Transfer agent and filing fees	**28,271**	22
Total expenses	**263,964**	28,868
Net loss and comprehensive loss for the year	**$ (263,964)**	$ (28,868)
Basic and diluted loss per share	**$ (0.06)**	$ (0.01)
Weighted average shares outstanding – basic and diluted – Note 9	**4,274,521**	1,925,384

BOND RESOURCES INC.
(Formerly J. Bond Capital Corporation)
STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)

For the year ended June 30,		**2019**		2018
Operating Activities:				
Net loss for the year	**$**	**(263,964)**	$	(28,868)
Adjustments to reconcile loss to net cash used in operating activities:				
Share-based compensation		**70,200**		-
Changes in non-cash working capital items:				
Amounts receivable		**(9,465)**		(6,480)
Trade and other payables		**13,459**		21,288
Cash outflows from operating activities		**(189,770)**		(14,060)
Investing Activity:				
Exploration and evaluation assets		**(2,369)**		(101,454)
Financing Activities:				
Prepaid financing expenses		**-**		(25,000)
Proceeds from share issuances		**455,000**		202,999
Share issue costs		**(50,260)**		-
Cash inflows from financing activities		**404,740**		177,999
Total increase in cash during the year		**212,601**		62,485
Cash, beginning of the year		**62,486**		1
Cash, end of the year	**$**	**275,087**	$	62,486

BOND RESOURCES INC.
(Formerly J. Bond Capital Corporation)
STATEMENTS OF CHANGES IN EQUITY
(Stated in Canadian Dollars)

	Number of Shares Outstanding		Share Capital		Equity Reserve		Accumulated Deficit		Total Equity
Balance – June 30, 2017	-	$	1	$	-	$	-	$	1
Common shares issued pursuant to:									
- Private placement at $0.01	800,000		7,999		-		-		7,999
- Private placement at $0.05	1,300,000		65,000		-		-		65,000
- Private placement at $0.10	1,300,000		130,000		-		-		130,000
Net loss for the year	-		-		-		(28,868)		(28,868)
Balance – June 30, 2018	3,400,000		203,000		-		(28,868)		174,132
Common shares issued pursuant to:									
- Private placement at $0.15	700,000		105,000		-		-		105,000
- Initial Public Offering at $0.20	1,750,000		350,000		-		-		350,000
Share issue costs	-		(95,160)		19,900		-		(75,260)
Share-based compensation	-		-		70,200		-		70,200
Net loss for the year	-		-		-		(263,964)		(263,964)
Balance – June 30, 2019	**5,850,000**	**$**	**562,840**	**$**	**90,100**	**$**	**(292,832)**	**$**	**360,108**

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 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 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 financial statements for the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements were authorized for issue by the Board of Directors on October 21, 2019.

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis, as explained in the Company's accounting policies discussed in Note 3. The financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a loss of $263,964 during the year ended June 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 June 30, 2019, the Company had $275,087 in cash, working capital of $256,285 and no long-term debt.

Note 2 Basis of Preparation - (cont'd)

c) Going Concern of Operations – (cont'd)

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 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently during the years ended June 30, 2019 and 2018.

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts. As of June 30, 2019, the Company has no cash equivalents.

b) Exploration and Evaluation Expenditures

Once the legal right to explore a property has been obtained, costs directly related to active exploration and evaluation expenditures ("E&E"), including borrowing costs related to the acquisition, construction or production of qualifying assets, are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying and sampling costs, drilling costs, payments made to contractors, geologists, consultants, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the Company's profit or loss.

Note 3 <u>Summary of Significant Accounting Policies</u> - (cont'd)

c) <u>Impairment of Non-Financial Assets</u>

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". E&E assets are tested for impairment before the assets are transferred to mines under construction.
Mineral exploration and evaluation expenditures are classified as intangible assets.

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets including E&E assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company has no cash generating unit for which impairment testing is performed. An impairment loss is charged to the Company's profit or loss, except to the extent that it reverses gains previously recognized in other comprehensive loss/income.

d) <u>Financial Instruments</u>

All of the Company's financial instruments are classified into one of the following categories based upon the purpose for which the instrument was acquired or issued. All transactions related to financial instruments are recorded on a trade date basis.

<u>Recognition</u>

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows of a financial asset.

Note 3 Summary of Significant Accounting Policies - (cont'd)

d) Financial Instruments - (cont'd)

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair value at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

i) amortized cost;
ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at FVTOCI amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at FVTPL are expensed in profit or loss.

Note 3 Summary of Significant Accounting Policies - (cont'd)

d) Financial Instruments - (cont'd)

Classification and Measurement - (cont'd)

The Company's financial asset consists of cash, which is classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in net loss. The Company's financial liabilities consist of trade and other payables, which are classified and measured at amortized cost using the effective interest method. The effective interest method is a technique for calculating the actual interest rate in a period based on the amount of a financial instrument's book value at the beginning of the accounting period. Interest expense is reported in profit or loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

e) Income Tax

Current tax and deferred tax are recognized in the Company's profit or loss, except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss. Current income taxes are recognized for the estimated taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Note 3 Summary of Significant Accounting Policies - (cont'd)

e) Income Tax - (cont'd)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

f) Share Capital

Financial instruments issued by the Company are classified as equity, only to the extent that they do not meet the definition of a financial liability or asset. The Company's common shares and warrants are classified as equity instruments.

Incremental costs, directly attributable to the issue of new shares, warrants or options, are shown in equity as a deduction, net of tax, from proceeds. The residual method is used to calculate the fair value of the warrant component of units issued, whereby the residual of the private placement proceeds less the fair value of the share component is assigned as the fair value of the warrants.

g) Profit or Loss Per Share

Basic profit per share is computed by dividing the Company's profit or loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period. Diluted loss per share equates to basic loss per share, because the effect of any potentially dilutive instruments would be anti-dilutive.

Diluted profit or loss per share is computed by dividing the Company's profit or loss applicable to common shares by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period.

h) Standards, Amendments and Interpretations

The following accounting standard has been issued. The Company has early adopted this new standard. There is no material impact as a result of the adoption of this standard:

- IFRS 16 – Leases

Note 4 **Critical Accounting Estimates and Judgements**

The Company makes estimates and judgements about the future that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and judgements.

The effect of a change in accounting estimate is recognized prospectively by including it in the Company's profit or loss in the period of the change, if it affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgements made in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for E&E expenditures requires judgement in determining whether it is likely that future economic benefits will follow to the Company, which may be based on estimates and assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available.

b) Title to Mineral Property Interests

Although the Company takes steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Going Concern

Management makes an assessment about the Company's ability to continue as a going concern by taking in to the account the consideration of the various factors discussed in Note 2.

(Stated in Canadian Dollars)

Note 5 **Exploration and Evaluation Assets**

	Aspen Project
Exploration Costs:	
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
Vehicles	3,937
Sample analysis	11,444
Travel and meals	15,515
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**

Exploration and evaluation assets, June 30, 2018	$ 101,454
Exploration and evaluation assets, June 30, 2019	**$ 103,823**

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.

Note 6 **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.

(Stated in Canadian Dollars)

Note 6 Share Capital and Equity Reserve – (cont'd)

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.

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.

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 $95,160 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:

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

(Stated in Canadian Dollars)

Note 6 Share Capital and Equity Reserve – (cont'd)

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 7 Related Party Transactions

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

Year ended June 30,	**2019**	2018
Accounting fees	**$ 6,000**	$ 3,000
Management fees	**86,700**	-
Legal and corporate services	**38,475**	8,550
Office, rent and administration	**12,000**	6,000
Total	**$ 143,175**	$ 17,550

During the year ended June 30, 2019, the Company incurred operational expenses totalling $72,975 (June 30, 2018: $17,550) and share-based compensation of $70,200 (June 30, 2018: $nil) from companies controlled by directors and officers of the Company. Included in trade and other payables at June 30, 2019 is $16,500 owed to a company controlled by a director. (June 30, 2018: $nil).

Note 8 Income Taxes

Income tax expense is recognized based on management's best estimate of the weighted average annual combined federal and provincial income tax rate applied to the pre-tax income. The Company's effective tax rate for the year ended June 30, 2019 was 27% (June 30, 2018: 26.4%).

The differences between the tax expense for the years ended June 30, 2019 and 2018 and the expected income taxes based on the statutory rate are as follows:

(Stated in Canadian Dollars)

Note 8 Income Taxes – (cont'd)

Year ended June 30,	**2019**	2018
Loss before income taxes	**$ (263,964)**	$ (28,868)
Basic statutory income tax rate	**27.00%**	26.40%
Expected income tax recovery	**(71,270)**	(7,621)
Permanent differences	**18,950**	-
Tax benefits not recognized	**(52,320)**	(7,621)
Total income tax expense/(recovery)	**$ -**	$ -

As at June 30, 2019, the Company has estimated non-capital losses totalling $245,000 in Canada that may be carried forward to reduce taxable income in future years. The losses expire in various amounts between 2038 to 2039. The Company also has share issue costs of $73,000 to deducted over the next 4 years.

Note 9 Loss Per Share

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

Year ended June 30,	**2019**	2018
Issued and outstanding shares at the beginning of the year	**3,400,000**	1
Weighted average shares issued during the year	**874,521**	1,925,383
Weighted average number of common shares (basic and diluted)	**4,274,521**	1,925,384

Note 10 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 11 Financial Instruments

As at June 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 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 June 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.

(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 June 30, 2019 is $275,087. As at that date, cash was held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

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 June 30, 2019, the Company was holding cash of $275,087 and trade and other payables of $34,747.

Note 12 **Subsequent Event**

Subsequent to the year ended June 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.