

BOND RESOURCES INC.

FINANCIAL STATEMENTS

For the nine months ended March 31, 2020 and 2019

(Stated in Canadian Dollars)

(Unaudited)

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

	March 31, 2020	June 30, 2019
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Current assets		
Cash	\$ 1,551,286	\$ 275,087
Amounts receivable	48,496	15,945
Prepaid expenses	6,125	-
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Total Current Assets	1,605,907	291,032
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Non-Current assets		
Exploration and evaluation assets – Note 4	131,581	103,823
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Total Assets	\$ 1,737,488	\$ 394,855
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Current liabilities		
Trade and other payables – Note 6	\$ 40,234	\$ 34,747
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Equity		
Share capital – Note 5	2,074,640	562,840
Share subscription received	20,000	
Equity reserve – Note 5	111,382	90,100
Accumulated deficit	(508,768)	(292,832)
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Total Equity	1,697,254	360,108
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Total Liabilities and Equity	\$ 1,737,488	\$ 394,855
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Subsequent events – Note 3, 4 and 5

APPROVED ON BEHALF OF THE DIRECTORS:

<u>“Joseph Carrabba”</u> Joseph Carrabba	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 March 31,		For the nine months ended March 31,	
	2020	2019	2020	2019
Expenses:				
Accounting and audit fees – Note 6	\$ 15,167	\$ 9,125	\$ 29,327	\$ 12,250
Foreign exchange gain	(768)	-	(768)	-
Legal and corporate services – Note 6	55,091	24,588	85,118	62,988
Management services – Note 6	-	-	33,000	-
Office, rent and administration – Note 6	5,402	4,746	44,275	14,405
Pre– exploration expenses	-	-	2,534	-
Shareholder communications	3,657	-	4,768	-
Transfer agent and filing fees	8,453	16,300	17,682	22,984
Total expenses	87,002	54,759	215,936	112,627
Total comprehensive loss for the period	\$ (87,002)	\$ (54,759)	\$ (215,936)	\$ (112,627)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.03)
Weighted average shares outstanding – basic and diluted - Note 7	5,850,000	4,100,000	5,850,000	3,949,270

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

For the nine months ended March 31,	2020	2019
Operating Activities:		
Loss for the period	\$ (215,936)	\$ (112,627)
Changes in non-cash working capital items:		
Amounts receivable	(32,551)	(4,318)
Prepaid expenses	(6,125)	-
Trade and other payables	5,487	23,725
Cash outflow from operating activities	(249,125)	(93,220)
Investing Activity:		
Expenditures on exploration and evaluation assets	(27,758)	(2,369)
Financing Activities:		
Proceeds from share issuances	1,618,210	105,000
Share issuance cost	(85,128)	(17,665)
Share subscriptions	20,000	-
Cash inflows from financing activities	1,553,082	87,335
Total increase/ (decrease) in cash during the period	1,276,199	(8,254)
Cash, beginning of the period	275,087	62,486
Cash, end of the period	\$ 1,551,286	\$ 54,232

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	Share Subscription received	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	-	(17,665)	-	-	-	(17,665)
-broker warrants	-	(4,500)	-	4,500	-	-
Net loss for the period	-	-	-	-	(112,627)	(112,627)
Balance, March 31, 2019	4,100,000	285,835	-	4,500	(141,495)	148,840
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	-	(72,995)	-	-	-	(72,995)
-broker warrants	-	-	-	15,400	-	15,400
Share-based compensation	-	-	-	70,200	-	70,200
Net loss for the period	-	-	-	-	(151,337)	(151,337)
Balance, June 30, 2019	5,850,000	562,840	-	90,100	(292,832)	360,108
Common shares issued pursuant to:						
-Private placement of \$0.20	8,091,050	1,618,210	20,000	-	-	1,638,210
Share issue cost:						
-Private placement finance fee	-	(106,410)	-	-	-	(106,410)
-broker warrants	-	-	-	21,282	-	21,282
Net loss for the period	-	-	-	-	(215,936)	(215,936)
Balance – March 31, 2020	13,941,050	\$ 2,074,640	20,000	\$ 111,382	\$ (508,768)	\$ 1,697,254

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 commenced trading on the Canadian Securities Exchange (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 and, subsequent to March 31, 2020, was acquired by MJ Mining Inc. which has the right to acquire properties in Idaho, USA (see Note 3).

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 nine month period ended March 31, 2020, 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 May 22, 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

March 31, 2020

(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 \$215,936 during the period ended March 31, 2020. 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 March 31, 2020, the Company had \$1,551,286 in cash, working capital of \$1,565,673 and no long-term debt (see Notes 3 and 4).

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 Acquisition of MJ Mining Inc.

On November 14, 2019 the Company entered into a letter of intent with the principals of MJ Mining Inc. ("MJ Mining") to acquire an option on the Mary K Property ("Mary K") located in Idaho, USA. Subsequently, the Company entered into a Share Exchange Agreement, dated March 30, 2020 (the "Agreement") with MJ Mining whereby the Company agreed to issue to the shareholders of MJ Mining 66,000,000 shares of the Company, which were subsequently adjusted to 62,200,000, for 100% of the shares of MJ Mining. The Agreement closing was subject to, among other conditions; completion of a 43-101 technical report on the Mary K; the completion of a private placement of at least \$1,600,000; and, CSE and shareholder approval, all of which were completed and obtained by May 15, 2020.

As a result, the acquisition of MJ Mining resulted in a change of control, which transaction amounts to a reverse merger transaction ("Reverse Merger"). As a Reverse Merger, the Company will continue to be treated as the reporting entity, however, the accounting parent going forward will be MJ Mining with the acquisition value being the net assets of the Company. Concurrent with the closing of the Reverse Merger, the Company also completed a private placement in two tranches ("Private Placement") for a total of 8,731,050 units for \$1,746,210 (see Note 5).

BOND RESOURCES INC.

Notes to the Financial Statements

March 31, 2020

(Stated in Canadian Dollars) - Page 3

Note 4 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	11,865	1,300	13,165
Mapping	800	-	800
Field cost and storage	490	-	490
Truck usage & repairs	2,865	-	2,865
Travel and meals	6,641	385	7,026
Sample analysis	3,412	-	3,412
Balance, March 31, 2020	\$ 129,896	\$ 1,685	\$ 131,581
Exploration and evaluation assets, June 30, 2019	\$ 103,823	\$ -	\$ 103,823
Exploration and evaluation assets, March 31, 2020	\$ 129,896	\$ 1,685	\$ 131,581

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 March 31, 2020, 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

Pursuant to the MJ Mining acquisition Agreement (see Note 3), the Company has acquired the contractual interests in an option on 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 "Property Agreement").

MJ Mining has been granted the exclusive option to acquire, over a period of ten years, the 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\$8,650,000 (the "Purchase Price") as follows:

BOND RESOURCES INC.

Notes to the Financial Statements

March 31, 2020

(Stated in Canadian Dollars) - Page 4

Note 4 Exploration and Evaluation Assets – (cont'd)

Mary K Property in Idaho – (cont'd)

- a) US\$500,000 payable based upon the “Initial Closing”, defined as April 10, 2020, as follows:
 - US\$50,000 towards land purchase (paid);
 - US\$350,000 on Initial Closing (deferred to final closing in May 2020);
 - US\$100,000 on May 10, 2020 (deferred to final closing in May 2020); and
 - US\$100,000 June 10, 2020.

- b) The balance of the Purchase Price, US\$8,150,000 will be paid as a Net Profit Royalty (“NPR”), paid on a quarterly basis and will vary depending on the grade of gold realized from operations as follows:
 - if the gold grade is 1.0 ounce per ton or greater, the NPR will be 50%;
 - if the gold grade is between 0.25-0.9999 ounces per ton, the NPR will be 30%; or
 - if the gold grade is less than 0.25 ounces per ton, the NPR will be 10%.

The Net Profits Royalty is also subject to certain minimum annual payments of:

- at least US\$200,000 per year commencing in 2020;
- at least US4,075,000 must be paid, in aggregate, after five years; and
- at least US8,150,000 must be paid, in aggregate, after 10 years.

Upon completion of the Agreement, the Company paid to the Finder, in consideration for the services performed by the Finder, a finder’s fee equal to 3% of the Transaction value payable amounting to 1,866,000 common shares of the Company, which will be valued at fair market value at date of issuance.

Note 5 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.

BOND RESOURCES INC.

Notes to the Financial Statements

March 31, 2020

(Stated in Canadian Dollars) - Page 5

Note 5 Share Capital and Equity Reserve - (cont'd)*Issuances for Cash – (cont'd)*

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 had 5,850,000 common shares issued and outstanding, of which 2,802,500 Shares were 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.

Concurrent with the closing of the Acquisition of MJ Mining and Reverse Merger (see Note 3), the Company also completed a private placement in two tranches on March 31, 2020 and April 30, 2020, for a total of 8,731,050 Units for \$1,746,210 at a price of \$0.20 per Unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share of the Company at a price of \$0.40 per share for a period of two years following the closing date, subject to an accelerated expiry if the closing price of the shares traded on the CSE is equal to or greater than \$0.60 per share for 20 consecutive trading days at any time following four months after the date of closing. In addition, a finder’s fee of \$85,128 and 212,820 finder’s warrants were issued in conjunction with the financing (having the same general terms as the Unit warrants).

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
March 31, 2020	2.00	0.43%	0.00%	100%*	0.00%	\$0.10

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

BOND RESOURCES INC.

Notes to the Financial Statements

March 31, 2020

(Stated in Canadian Dollars) - Page 6

Note 5 Share Capital and Equity Reserve - (cont'd)*Warrants*

A summary of the Company's outstanding share purchase warrants at March 31, 2020 and June 30, 2019 and the changes during the period ended is presented below:

	Number of warrants	Weighted average exercise price
Outstanding at June 30, 2018	-	\$ -
Warrants issued	196,000	0.19
Outstanding at June 30, 2019	196,000	\$ 0.19
Warrants issued	4,258,345	0.40
Outstanding at March 31, 2020	4,454,345	\$ 0.39

A summary of the Company's outstanding share purchase warrants is presented below:

Number of Warrants	Exercise Price	Expiry Date
56,000	\$0.15	August 28, 2020
140,000	\$0.20	May 1, 2021
4,045,525	\$0.40	March 31, 2022
212,820	\$0.40	March 31, 2022

During the period ended March 31, 2020, 4,454,345 agent warrants are outstanding. An additional 320,000 warrants were issued subsequent to March 31, 2020, pursuant to Tranche 2 of the Agreement financing above.

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.

The following is a summary of changes in options, which are still outstanding, for the periods ending March 31, 2020, June 30, 2019 and 2018:

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Notes to the Financial Statements

March 31, 2020

(Stated in Canadian Dollars) - Page 7

Note 5 Share Capital and Equity Reserve - (cont'd)*Share-Based Payments – (cont'd)*

	Number of Shares	Weighted Average Exercise Price
Balance at June 30, 2018	-	\$0.00
Issued	585,000	0.20
Balance at June 30, 2019	585,000	0.20
Cancelled	(30,000)	0.20
Outstanding and Exercisable at March 31, 2020	555,000	\$0.20

During the period ending March 31, 2020, 30,000 options were cancelled. At March 31, 2020, 555,000 stock options remain outstanding exercisable at \$0.20 per share and expiring June 24, 2024.

Note 6 Related Party Transactions

The following is a summary of charges incurred by the Company with related parties for the period ended March 31, 2020 and 2019:

Period ended March 31,	2020	2019
Accounting fees	\$ 4,500	\$ 4,500
Legal and corporate services	37,050	33,488
Management fees	33,000	-
Office, rent and administration	9,000	9,000
Total	\$ 83,550	\$ 46,988

During the year ended March 31, 2020, the Company incurred operational expenses totalling \$83,550 (March 31, 2019: \$46,988) from companies controlled by directors and officers of the Company. Included in trade and other payables at March 31, 2020 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.

BOND RESOURCES INC.

Notes to the Financial Statements

March 31, 2020

(Stated in Canadian Dollars) - Page 8

Note 7 Loss Per Share

The denominator for the calculation of loss per share, being the weighted average number of common shares for the period ended March 31, 2020 and 2019 is calculated as follows:

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2020	2019	2020	2019
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	-	-	-	549,270
Basic and diluted weighted average number of shares	5,850,000	4,100,000	5,850,000	3,949,270

Note 8 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 9 Financial Instruments

As at March 31, 2020, 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 March 31, 2020. 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.

BOND RESOURCES INC.

Notes to the Financial Statements

March 31, 2020

(Stated in Canadian Dollars) - Page 9

Note 9 Financial Instruments – (cont'd)

a) 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.

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 March 31, 2020 is \$1,551,286. 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 March 31, 2020, the Company was holding cash of \$1,551,286 and trade and other payables of \$40,234.