MJ MINING INC.

Consolidated Financial Statements

For the period from January 15, 2020 to March 31, 2020

MJ MINING INC.
Consolidated Statement of Financial Position
(in United States Dollars)
As at March 31, 2020

Assets		
Current assets:		
Cash	$	**145,659**
Due from shareholders *(Note 7)*		**100,000**
Prepaid expenses and advances		**35,000**
Total current assets		**280,659**
Non-current assets:		
Exploration and Evaluation Assets *(Note 6)*		**476,558**
Property and equipment *(Note 5)*		**511,977**
Total non-current assets		**988,535**
Total assets	**$**	**1,269,194**
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$	**77,370**
Shareholders' Equity		
Share Capital (Note 7)		**2,104,255**
Deficit		**(912,431)**
Total shareholders' equity	**$**	**1,191,824**
Total liabilities and shareholders' equity	**$**	**1,269,194**

Going Concern (Note 1)
Subsequent Events (Notes 6,7 and 11)

Approved on behalf of the Board of Directors:

signed "Joseph Carrabba"
Director

The accompanying notes are an integral part of these consolidated financial statements.

MJ MINING INC.
Consolidated Statement of Net Loss and Comprehensive Loss
(in United States Dollars)
For the period from January 15, 2020 (date of incorporation) to March 31, 2020

Expenses		
Accounting and audit fees	$	**22,496**
Legal and corporate services		**83,741**
Management activities		**145,000**
Office, rent and administration		**9,851**
Pre-exploration costs		**120,850**
Travel		**31,277**
Property due diligence and related consulting		**144,413**
Total expenses		**557,628**
Net loss and comprehensive loss		**557,628**
Loss per share		
Basic and diluted		**(0.01)**
Weighted average number of shares outstanding		
Basic and diluted		**55,078,949**

The accompanying notes are an integral part of these consolidated financial statements.

MJ MINING INC.
Consolidated Statements of Changes in Shareholders' Equity
(in United States Dollars)

	Share Capital	Deficit	Total
Balance, January 15, 2020	-	**-**	**-**
Common control transaction (*Note 1*)	-	(354,803)	(354,803)
Issuance of common shares	2,164,255	-	2,164,255
Finder's fee	(60,000)		(60,000)
Net loss and comprehensive loss	-	(557,628)	(557,628)
Balance, March 31, 2020	**2,104,255**	**(912,431)**	**1,191,824**

The accompanying notes are an integral part of these consolidated financial statements.

MJ MINING INC.
Consolidated Statements of Cash Flows
(in United States Dollars)
For the period from January 15, 2020 (date of incorporation) to March 31, 2020

Cash provided by (used in):		
Operating Activities		
Net loss and comprehensive loss	$	(557,628)
Less share-based payments		224,316
Changes in non-cash working capital:		
Accounts payable		77,370
Prepaid and advances		(20,000)
Other receivables		19,963
Net cash used in operating activities	$	(255,979)
Investing Activities		
Purchase of property and equipment (*Note 5*)		(24,227)
Exploration and evaluation assets (*Note 6*)		(476,558)
Cash acquired on common control transaction (*Note 1*)		360,394
Issuance for cash *(note 7)*		542,029
Net cash provided by investing activities	$	401,638
Increase in cash		145,659
Cash, beginning of the period		-
Cash, end of the period	$	145,659

The accompanying notes are an integral part of these consolidated financial statements.

(all amounts are expressed in United States dollars)

1. Nature of Operations and Going Concern

MJ Mining Inc. (the "Company") was incorporated on January 15, 2020 under the laws of British Columbia, Canada. The Company's 100% owned subsidiary, MJ Mining Corp., was formed on October 25, 2019 (originally under the name of MJ Mining LLC) under the laws of the State of Delaware, United States of America. The Company's principal business activity is the exploration of mineral properties in the United States. The registered office of the Company is 200 Burrard Street, P.O. Box 48600, Vancouver, BC (See Note 11 for subsequent Acquisition of Bond Resources and resulting reverse merger).

Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they become due. Management is aware of material uncertainties that could cast significant doubt about the Company's ability to continue as a going concern and therefore may be unable to realize its assets and discharge its liabilities in the normal course of business. For the period ended March 31, 2020, the Company incurred a total net loss and comprehensive loss of $557,628 and had negative cash flows from operations of $255,979. These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue as a going concern and therefore be required to realize its assets and liabilities in other than the normal course of business and potentially at amounts materially different from those recorded in these consolidated financial statements.

The Company is in the process of exploring its mineral property interests (Note 11) and has not yet determined whether the project contains mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral properties, obtaining the necessary permits to mine, and future profitable production or proceeds from the disposition of the mineral properties. Management currently assesses the Company's ability to continue as a going concern using financial forecasts of 12 months to ensure the Company has adequate capital to meet its financial obligations.

Common control transaction

On January 15, 2020, the Company completed the acquisition of all the issued and outstanding shares of MJ Mining Corp. ("Mining Corp."), an entity under common control. Management determined that the acquisition of Mining Corp. did not meet the definition of a business in accordance with IFRS 3 Business Combinations, as it did not have the inputs, processes and outputs required to meet the definition of a business. Accordingly, the acquisition has been accounted for as an asset acquisition. The assets and liabilities acquired consisted of:

Cash	$	360,394
Prepaid expenses	$	15,000
Other receivables	$	19,963
Property and equipment	$	127,750
Due to shareholders	$	(877,911)

2. Basis of Presentation and Accounting Policy Change

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), in effect on January 15, 2020. These consolidated financial statements represent the first financial statements of the Company prepared under IFRS.

These consolidated financial statements were approved and authorized for issuance on May 28, 2020 by the Board of Directors.

(b) Basis of Presentation and Measurement

These consolidated financial statements have been prepared using the historical cost convention, except for certain financial instruments measured at fair value.

(c) Functional and Presentation Currency

The consolidated financial statements are presented in United States dollars, which is the functional currency of the Company and its subsidiary.

3. Significant Accounting Policies

(a) Cash

Cash consists of deposits held in a financial institution.

(b) Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation and accumulated impairment loss. Property and equipment include costs to purchase and any costs directly attributable to bring the asset to its current location and condition necessary for its intended use including costs of dismantling and removing the item and restoring the site on which it is located. Expenditures for additions and improvements are capitalized and expenditures for maintenance and repairs are charged to expense.

Depreciation is calculated using straight line depreciation method. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposition, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of net loss and comprehensive loss.

Where an item of property and equipment consists of major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

3. Significant Accounting Policies (*continued*)

(c) Impairment

At the end of each reporting period the carrying amounts of the Company's non-financial assets are reviewed to determine whether there are any indications that the assets are impaired. The Company uses external factors, such as changes in expected future prices and costs, and other market factors to assess for indications of impairment. If any such indication exists an estimate of the asset's recoverable amount is calculated; being the higher of fair value less direct costs of disposal and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged to the statement of net loss and comprehensive loss so as to reduce the carrying amount in the statement of financial position to its recoverable amount.

Fair value less costs of disposal is determined as the amount that would be obtained from the sale of assets in an arm's length transaction between knowledgeable and willing parties. Fair values for mineral assets are generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, to arrive at a net present value of the asset.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups and referred to as cash generating units. Cash generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(d) Exploration and Evaluation Expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, exploration and evaluation activity, and the fair value, at the date of acquisition, of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained legal rights to explore an area are recognized in the statement of net loss and comprehensive loss.

Acquisition costs, including general and administration costs, are only capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation assets are assessed for impairment if sufficient evidence exists to determine technical feasibility and commercial viability or facts and circumstances suggest the carrying amount exceeds the recoverable amount.

3. Significant Accounting Policies *(continued)*

(d) Exploration and Evaluation Expenditures *(continued)*

Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property development assets within property and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependable on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(e) Taxes

Tax on the profit or loss for the periods presented comprises current and deferred taxes. Tax is recognized in the statement of net loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting period, adjusted for any income tax reassessments from prior periods.

Deferred tax is provided in full, using the liability method based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred taxes attributable to amounts recognized directly in equity are also recognized directly in equity.

3. Significant Accounting Policies *(continued)*

(f) Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the total net loss and comprehensive loss attributed to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating dilutive loss per share. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(g) Financial Instruments

The Company recognizes financial assets and financial liabilities, including derivatives, on the statements of financial position when the Company becomes a party to the contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are removed from the financial statements when the liability is extinguished either through settlement of, or release from, the obligation of the underlying liability.

Financial assets, financial liabilities and derivatives are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instrument's classification, as described below.

Amortized cost

A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the cash flows; and all contractual cash flows represent only principal and interest on that principal. All financial liabilities are measured at amortized cost using the effective interest method except for liabilities incurred for the purposes of selling or repurchasing in the short-term liabilities, if they are held-for trading and those that meet the definition of a derivative.

Cash, due from shareholders and accounts payable and accrued liabilities are classified as assets or liabilities measures at amortized cost.

Fair value through other comprehensive income ("FVTOCI")
A financial asset shall be measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest ("SPPI") on the principal amount outstanding.

3. Significant Accounting Policies *(continued)*

(g) Financial Instruments *(continued)*

Fair value through profit or loss ("FVTPL")
All financial assets that do not meet the definition of being measured at amortized cost or FVTOCI are measured at FVTPL, this includes all derivative financial assets. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. For financial assets and liabilities, the Company may make an irrevocable election to designate an asset at FVTPL. If the election is made it is irrevocable, meaning that asset, liability, or group of financial instruments must be recorded at FVTPL until that asset, liability or group of financial instruments are derecognized.

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(h) Use of estimates and judgments

The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the statement of financial position and the reported amounts of expenses during the year. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Adjustments are recorded in the current year as they become known.

Accounting estimates

Impairment

The Company conducts impairment review of property and equipment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Determining whether an asset is impaired requires an estimation on the recoverable amount.

Deferred Taxes

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

3. Significant Accounting Policies *(continued)*

(h) Use of estimates and judgments *(continued)*

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates, and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Accounting Judgments

The Company applies significant judgements on the ongoing feasibility of mineral exploration, and whether there are indicators that the right to explore the specific area has or will expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management is required to perform an assessment of the recoverable amount of exploration and evaluation properties.

Provisions

Management's determination of no material restoration, rehabilitation and environmental exposure is based on the facts and circumstances that existed during the period.

Contingencies

Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one of more future events occur of fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

Impairment

An impairment test requires the Company to determine the recoverable amount of an asset or group of assets. For non-current assets, including property and equipment and exploration and evaluation assets, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets are grouped together into a cash generating unit ("CGU") for impairment testing purposes. A CGU for impairment testing is typically considered to be an individual mine site or a development project. The Company has determined that it has one CGU based on its one project.

Depreciation

The amounts recorded for depreciation are based on estimates including economic life of the asset and residual values of the asset at the end of its economic life. The actual lives of the assets and residual values are assessed annually taking into account factors such as technological innovation and maintenance programs, estimated costs to develop and produce.

3. Significant Accounting Policies *(continued)*

(i) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether; The contract involves the use of an identified asset; The Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use; and, The Company has the right to direct the use of the asset.

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments included in the measurement of the lease liability include the net present value of the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantee;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and,
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used. The incremental borrowing rate is the rate that the lessee would have to pay to borrow at prevailing interest rates, market precedents and the Company’s specific credit spread, on similar terms and security. Right-of-use assets are initially measured at cost, comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and,
- Restoration costs.

The right-of-use assets are typically depreciated on a straight-line basis over the lease term. The lease term consists of:

- The non-cancellable period of the lease;
- Periods covered by options to extend the lease, where we are reasonably certain to exercise the option; and,
- Periods covered by options to terminate the lease, where we are reasonably certain not to exercise the option.

If the Company expects to obtain ownership of the leased asset at the end of the lease, we depreciate the right of use asset over the underlying asset’s estimated useful life. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(all amounts are expressed in United States dollars)

4. Related Party Transactions

During the period from January 15, 2020 to March 31, 2020 the Company recognized $458,348 expenses for consulting services provided by Rockhead Consulting, a company related through common shareholders. Transactions with related parties are recognized in the normal course of operations and are recorded at fair value.

5. Property and Equipment

	Mining equipment	Vehicles	Total
Cost			
Additions	$ 487,208	$ 24,769	$ 511,977
Accumulated Depreciation			
Depreciation	-	-	-
Net Book Value, March 31, 2020	**$ 487,208**	**$ 24,769**	**$ 511,977**

Included in mining equipment additions is equipment acquired from a shareholder having a value of $360,000 based on an external valuation report. As consideration, 23,400,000 common shares were issued. Depreciation is calculated when the assets are placed into operations.

6. Exploration and Evaluation Assets

	Total
Acquisition Costs:	
Balance, January 15, 2020	$ -
Mineral lease contract *(Note 6)*	300,000
Balance, March 31, 2020	$ 300,000
Exploration Costs:	
Balance, January 15, 2020	$ -
Assay expense	7,710
Consulting fees *(Note 4)*	41,462
Equipment rental and fuel *(Note 4)*	38,533
Labor and health insurance *(Note 4)*	82,842
Mill supplies *(Note 4)*	6,011
Balance, March 31, 2020	$ 176,558
Total Exploration and evaluation assets, March 31, 2020	**$ 476,558**

6. Exploration and Evaluation Assets (continued)

Mary K Property

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:

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.

Due to the consideration being payable over time, the parties have agreed to a two-phase closing of the Transaction. Subject to approval from the Idaho Department of Lands, the Company will be subleasing the rights starting on the Initial Closing Date and continuing until the earlier of the Final Closing Date or the date the agreement is terminated by the Company. If the agreement is not terminated by the Company, on or before the Final Closing Date the lease will be terminated, and the Vendors will assign their rights of the Mary K Mine to the Company.

On March 10, 2020, Mining Corp. entered into a ground lease ("Ground Lease") with certain arm's length parties ("Vendors") for a mineral lease located in the State of Idaho ("Mary K Mine"). The term of this Ground Lease commences on April 1, 2020 and expires at the end of the tenth full lease year. The Company will pay fixed rent in advance on the first day of each calendar quarter of $26,000.

In exchange for the Company's payment of non-refundable fees of $350,000, the Company was granted an option to purchase the Mary K Mine during the term of this lease (see above).

On March 11, 2020, the Company entered into a mineral sublease ("Sublease") for the Mary K Mine. The term of this Sublease commences on March 11, 2020 and expires on February 28, 2022.

(all amounts are expressed in United States dollars)

7. Share Capital

(a) Authorized

Unlimited number of common shares without nominal or par value.
Unlimited number of preferred shares, issuable in series

(b) Issued: Common shares

	Number		Value
Issued for equipment (Note 6)	23,400,000		360,000
Issued for services	14,580,475		224,315
Issued for cash	28,019,525		1,579,940
Balance, March 31, 2020	**66,000,000**	**$**	**2,164,255**

Included in shares issued for cash is proceeds of $100,000 which was received subsequent to the year end.

- Mining equipment with a value of $360,000 was acquired by a shareholder. As consideration, 23,400,000 common shares were issued.
- Amounts of $224,315 services rendered were incurred, as consideration 14,580,475 common shares were issued.
- On January 24, 2020, the Company offered 7,019,525 common shares for cash with aggregate gross proceeds of US$150,000.
- On January 30, 2020, the Company completed a private placement offering of 16,500,000 common shares or aggregate gross proceeds of US$1,139,940. The Company paid US$60,000 in finder's fees.
- On February 19, 2020 the Company completed a private placement offering of 4,000,000 common shares for aggregate gross proceeds of US$240,000. On March 30, 2020 the Company completed a private placement offering of 500,000 common shares for aggregate gross proceeds of US$50,000. As of March 30, 2020, the Company had 66,000,000 common shares issued and outstanding.

8. Tax

The net income tax provision differs from that expected by applying the Canadian federal and provincial corporate rate due to the following:

Loss before taxes	**$**	**(557,628)**
Statutory tax rate		**26.5%**
Expected income tax recovery		**(147,771)**
Increase (decrease) in taxes:		
Tax benefit not recognized		**147,771**
Income tax expense	**$**	**-**

8. Tax (continued)

The Company has gross timing differences of the following:

Non-capital losses	$	**147,771**
Property and equipment		**-**
Total timing differences	$	**147,771**

The Company's non-capital loss carryforwards balance is available to reduce future years' taxable income and, if not fully utilized, will commence to expire in fiscal 2040.

9. Financial Instruments and Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(a) Credit risk

Credit risk arises from the possibility that a counterparty to which the Company provides goods or services is unable or unwilling to fulfill their obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits its exposure to credit risk by dealing with well rated entities. Management believes credit risk to be low as its cash which is held in a major financial institution in the United States and amounts due from shareholders have been received subsequent to the year end.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements by preparing short-term and long-term cash flow analyses. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company does not have any contractual obligations other than the accounts payable and accrued liabilities which are due within the next 12 months the Company has current assets of $280,659 to settle obligations of $77,370.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

i. Foreign currency exchange risk

The Company is not exposed to foreign currency exchange rate fluctuations as the Company conducts all of its business in the United States.

ii. Interest rate risk

Interest rate risk is the risk of change in the borrowing rates of the Company. The Company does not have any exposure to changes in interest rates and is therefore not exposed to this risk.

9. Financial Instruments and Risk Management (continued)

iii. Commodity price risk

Commodity price risk is the risk of price volatility of commodity prices, such as mineral prices. Currently the Company does not have commercial operations and is therefore not exposed to this risk. Commodity prices generally fluctuate beyond the control of the Company. Factors which contribute to the fluctuation are, but not limited to, demand, forward sales, worldwide production, speculative hedging activities, and bank lending rates.

(d) Fair value of financial instruments

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the financial instrument:

- Level 1 fair value measurements are those derived from quoted prices (adjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash, due from shareholders and accounts payable and accrued liabilities approximates fair value due to the short-term nature.

10. Capital Management

The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and provide returns for shareholders and to facilitate the development of its core business.

The Company considers cash and shareholders' equity to be capital of the Company. The Company does not have any externally imposed restrictions on its capital and there have been no changes in the Company's approach to capital management from previous years.

11. Subsequent Events

Subsequent to the year end, the following events occurred:

i. *Share Cancellation*

Effective May 6, 2020 the holders of an aggregate of 3,800,000 common shares of the Company surrendered such shares to the Company for no consideration, and effective that same date, the Company cancelled such shares and returned them to treasury.

ii. *Acquisition by Bond Resources Inc. – Reverse Merger*

On March 30, 2020, the Company entered into a share exchange agreement (“Agreement”) with Bond Resources Inc. (“Bond”), a company traded on the Canadian Securities Exchange (“Exchange”) whereby Bond will issue 66 million common shares to the shareholders of the Company, which were subsequently adjusted to 62,200,000, for 100% of the shares of the Company. 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 by Bond; and, CSE and shareholder approval, all of which were completed and obtained by May 15, 2020. As a result, the acquisition of Bond resulted in a change of control, which transaction amounts to a reverse merger transaction (“Reverse Merger”). As a Reverse Merger, Bond will to be treated as the reporting entity, however, the accounting parent going forward will be the Company with the acquisition value being the net assets of Bond.

iii. *Corona Virus Pandemic*

The novel coronavirus (“COVID-19”) outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company’s future financial results is uncertain given the length and severity of these developments cannot be reliably estimated but may impact the Company’s ability to raise sufficient funds to complete planned activities on the Mary K Property and be compliant with the earn-in provisions.