

BOND RESOURCES INC.

Condensed Interim Consolidated Financial Statements

For the period ended March 31, 2022 and 2021

BOND RESOURCES INC.

Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2022 and 2021

(in United States Dollars)

(Unaudited)

	March 31, <u>2022</u>	June 30, <u>2021</u>
Assets		
Current assets:		
Cash	\$ 39,273	\$ 1,621,563
Amounts receivable	45,250	34,279
Prepaid expenses and advances	6,653	5,038
Total current assets	91,176	1,660,880
Non-current assets:		
Property and equipment (Note 4)	354,087	397,920
Exploration and evaluation assets (Note 5)	1,447,696	1,118,788
Total non-current assets	1,801,783	1,516,708
Total assets	\$ 1,892,959	\$ 3,177,588
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (Note 3)	\$ 106,112	\$ 99,108
Due to shareholder (Note 3)	436,150	-
Total current liabilities	542,262	99,108
Shareholders' Equity		
Share capital (Note 6)	8,796,384	8,234,448
Equity reserve (Note 6)	720,368	718,557
Accumulated other comprehensive income	(55,550)	(40,843)
Deficit	(8,110,505)	(5,833,682)
Total shareholders' equity	1,350,697	3,078,480
Total liabilities and shareholders' equity	\$ 1,892,959	\$ 3,177,588

Nature of Operations and Going Concern (Note 1)

Subsequent Events (Notes 5 and 6)

Approved on behalf of the Board of Directors:

signed "Joseph Carrabba"

Director

signed "Robert Eadie"

Director

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

BOND RESOURCES INC.

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

For the periods ended March 31, 2022 and 2021
(in United States Dollars)
(Unaudited)

	Three months ending		Nine months ending	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Exploration costs				
Amortization (Note 4)	\$ 19,495	\$ 21,930	\$ 57,981	\$ 65,790
Assays	-	1,223	1,910	2,286
Consulting and labour	308,280	207,418	857,631	352,731
Drilling and supplies	40,820	115,578	298,046	241,696
Equipment rental	156,980	127,686	519,697	308,706
Insurance	39,634	25,332	92,883	73,263
Office and miscellaneous	29,456	6,255	110,036	19,159
Permitting	80	50	80	9,073
Repairs and maintenance	-	-	-	5,953
Travel and auto	15,241	18,431	34,269	37,636
Total exploration costs	609,986	523,903	1,972,533	1,116,293
Expenses				
Accounting and audit fees (Note 3)	5,860	4,520	46,588	31,780
Finance costs	30	45	165	120
Foreign exchange loss (gain)	(865)	7,173	(4,899)	26,952
Legal, consulting and corporate services (Note 3)	14	51,834	20,819	95,728
Management activities (Note 3)	46,009	28,866	151,473	105,916
Marketing activities	(945)	34,929	-	91,187
Office, rent and administration (Note 3)	4,931	13,466	21,848	19,774
Shareholder communications (Note 3)	21,993	11,940	57,829	34,357
Transfer agent and filing fees	8,367	2,914	10,467	12,919
Total expenses	85,394	155,687	304,290	418,733
Net loss	(695,380)	(679,590)	(2,276,823)	(1,535,026)
Other comprehensive income:				
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation of foreign operations	3,278	5,421	(14,707)	26,009
Comprehensive loss	\$ (692,102)	\$ (674,169)	\$ (2,291,530)	\$ (1,509,017)
Net loss per share Basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding - Basic and diluted	127,700,276	94,618,997	121,893,938	91,660,879

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

BOND RESOURCES INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the period from July 1, 2020 to March 31, 2022

(in United States Dollars)

(Unaudited)

	Share Capital		Equity Reserve	Accumulated other comprehensive income	Deficit	Total
	Number	Amount				
Balance, June 30, 2020	78,647,050	\$ 4,438,042	\$ 718,383	\$ 31,028	\$ (3,429,309)	\$ 1,758,144
Issuance of common shares	36,362,726	3,837,991	(16,024)	-	-	3,821,967
Share issue costs	-	(149)	-	-	-	(149)
Finder's fee	-	(41,436)	16,198	-	-	(25,238)
Net and comprehensive loss	-	-	-	(71,871)	(2,404,373)	(2,476,244)
Balance, June 30, 2021	115,009,776	8,234,448	718,557	(40,843)	(5,833,682)	3,078,480
Issuance of common shares	12,160,000	581,979	-	-	-	581,979
Share issue costs	530,500	(20,043)	1,811	-	-	(18,232)
Net loss	-	-	-	(14,707)	(2,276,823)	(2,291,530)
Balance, March 31, 2022	127,700,276	\$ 8,796,384	\$ 720,368	\$ (55,550)	\$ (8,110,505)	\$ 1,350,697

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

BOND RESOURCES INC.

Condensed Interim Consolidated Statements of Cash Flows

For the periods ended March 31, 2022 and 2021

(in United States Dollars)

(Unaudited)

	<u>Period ending</u> <u>March 31, 2022</u>	<u>Period ending</u> <u>March 31, 2021</u>
Operating Activities		
Net loss	\$ (2,276,823)	\$ (1,535,026)
Non cash item:		
Amortization	57,983	65,790
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	7,003	(55,925)
Prepaid expenses and advances	(1,615)	65,628
Amounts receivable	(10,971)	(10,150)
Net cash used in operating activities	(2,224,423)	(1,469,683)
Investing Activities		
Property and equipment (Note 4)	(14,150)	-
Exploration and evaluation assets (Note 5)	(328,908)	(278,000)
Net cash used in investing activities	(343,058)	(278,000)
Financing Activities		
Issuance of shares for cash (Note 6)	563,747	3,602,591
Share subscription received	-	119,079
Shareholder loan (Note 3)	436,150	45,000
Net cash provided by financing activities	999,897	3,766,670
Increase/ (decrease) in cash	(1,567,584)	2,018,987
Effect of foreign exchange on cash	(14,706)	26,009
Cash, beginning of the period	1,621,563	356,569
Cash, end of the period	\$ 39,273	\$ 2,401,565

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

BOND RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

1. Nature of Operations and Going Concern

Bond Resources Inc. (“Bond” or 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. Bond changed its legal name to Bond Resources Inc. on November 16, 2018 and commenced trading on the Canadian Securities Exchange (the “CSE”) on May 2, 2019 under the trading symbol “BJB”.

On May 15, 2020, Bond legally acquired MJ Mining Inc. (“MJ Mining”). MJ Mining was incorporated on January 15, 2020 under the laws of British Columbia, Canada. MJ Mining’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 address of the Company’s corporate office is 750– 580 Hornby Street, Vancouver, British Columbia, Canada.

Acquisition by Bond Resources Inc. – Reverse Merger

On May 15, 2020, MJ Mining completed a share exchange agreement (“Agreement”) with Bond whereby Bond issued 62.2 million common shares to the shareholders of MJ Mining, for 100% of the issued and outstanding shares of MJ Mining. 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 is the legal parent, however, the accounting parent going forward is MJ Mining with the acquisition value being the net assets of Bond (*see the Company’s June 30, 2021 audited annual financial statements*).

Going concern

The condensed interim 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 events and conditions that create a material uncertainty 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, 2022, the Company incurred a comprehensive loss of \$2,276,823 and had negative cash flows from operations of \$2,224,423. These condensed interim 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 condensed interim consolidated financial statements.

The Company is in the process of exploring its mineral property interests (Note 5) and has not yet determined whether the projects contain 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 uses 12 month financial forecasts to ensure the Company has capital to meet its financial obligations.

BOND RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

1. Nature of Operations and Going Concern *(continued)*

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 properties and be compliant with the earn-in provisions.

2. Basis of Presentation

(a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements, for the nine months ending March 31, 2022, have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, and do not include all the information required for full annual financial statement. These condensed interim consolidated financial statements. These condensed interim consolidated financial statements were approved and authorized for issuance on May xx, 2022 by the Board of Directors.

These condensed interim consolidated financial statements should be read in conjunction with the Company's June 30, 2021 audited annual financial statements.

(b) Basis of Presentation and Measurement

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

The condensed interim consolidated financial statements are presented in United States dollars, which is the functional currency of MJ Mining and MJ Mining Corp.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 of the Company's June 30, 2021 audited annual financial statements.

BOND RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

3. Related Party Transactions

The following is a summary of charges incurred by the Company with related parties during the period ended March 31, 2022:

Period ended March 31,	2022	2021
Accounting fees	\$ -	\$ 3,460
Legal and corporate services	10,465	19,723
Management services	109,460	105,916
Office, rent and administration	22,007	11,791
Shareholder communications	36,012	19,992
Total	\$ 177,944	\$ 160,882

During the period ended March 31, 2022, Bond incurred management fees totalling \$109,460 (March 31, 2021 - \$105,916) from key management personnel of the Company, including the CEO, CFO and board of directors, and operational expenses for accounting, office and legal and corporate services of \$32,472 from companies controlled by an officer and the secretary of the Company. Shareholder communication expenses of \$36,012 were charged to the Company by a person related to a director for services rendered. Included in Bond's trade and other payables at March 31, 2022 is \$45,765 (June 30, 2021 - \$nil) owed to officers for management fees. Transactions with related parties are recognized in the normal course of operations and are recorded at exchange value. During the period ending March 31, 2022, the CEO advanced \$436,150 to the Company as an unsecured, non-interest bearing loan.

4. Property and Equipment

	Mining equipment	Vehicles	Total
Cost			
Balance June 30, 2020 and 2021	\$ 497,208	\$ 24,769	\$ 521,977
Additions	14,150	-	14,150
Balance March 31, 2022	\$ 511,358	\$ 24,769	\$ 536,127
Accumulated Depreciation, June 30, 2020	(34,619)	(1,725)	(36,344)
Depreciation	(80,700)	(7,013)	(87,713)
Accumulated Depreciation, June 30, 2021	(115,319)	(8,738)	(124,057)
Depreciation	(54,284)	(3,699)	(57,983)
Accumulated Depreciation, March 31, 2022	(169,603)	(12,437)	(182,040)
Net Carrying Amount, June 30, 2021	\$ 381,889	\$ 16,031	\$ 397,920
Net Carrying Amount, March 31, 2022	\$ 341,755	\$ 12,332	\$ 354,087

Included in mining equipment additions for the period ended June 30, 2020, 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.

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Notes to the Condensed Interim Consolidated Financial Statements

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(all amounts are expressed in United States dollars)

(Unaudited)

5. Exploration and Evaluation Assets

Acquisition Costs:	Mary K Property	Hard Cash Property	Total
Balance, June 30, 2020	812,788	-	812,788
Ground lease rent	104,000	-	104,000
Net profits royalty advance	200,000	2,000	202,000
Balance, June 30, 2021	\$ 1,116,788	\$ 2,000	\$ 1,118,788
Ground lease rent	78,000	-	78,000
Net profits royalty advance	200,000	-	200,000
Metallurgical Testing	-	50,908	50,908
Balance, March 31, 2022	\$ 1,394,788	\$ 52,908	\$ 1,447,696
Total Exploration and evaluation assets, June 30, 2021	\$ 1,116,788	\$ 2,000	\$ 1,118,788
Total Exploration and evaluation assets, March 31, 2022	\$ 1,394,788	\$ 52,908	\$ 1,447,696

Mary K Property

MJ Mining, through its US subsidiary MJ Mining Corp. and in exchange for MJ Mining's payment of non-refundable fees of \$350,000, 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. This right is free and clear of all charges, encumbrances, claims, royalties, or other interests, except for a 5% State Royalty, for a total purchase price of \$8,650,000 (the "Purchase Price") as follows:

- a) \$500,000 payable based upon the "Initial Closing"(paid).
- b) The balance of the Purchase Price, \$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 NPR is also subject to certain minimum annual payments of:

- at least \$200,000 per year commencing in 2020 (paid for 2020 and 2021);
- at least \$4,075,000 must be paid, in aggregate, after five years; and
- at least \$8,150,000 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.

BOND RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

5. Exploration and Evaluation Assets (continued)

Mary K Property – (continued)

On March 10, 2020, MJ Mining 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. MJ Mining will pay fixed rent in advance on the first day of each calendar quarter of \$26,000.

Hard Cash Property

In February, 2021, the Company and Winston Gold Corp. (“Winston”) (CSE: WGC) have jointly entered into a Lease Agreement, with an option to purchase, (“the Agreement”) with Montana Reclaim LLC (Lessor) over nine mining claims covering approximately 166 acres in Montana, USA, more commonly known as the Hard Cash property (the “Property”). Bond and Winston will be equal partners in the project, however, Winston is the operator. The Hard Cash property is located approximately 3km from Winston’s Paradine mill and is west of the small town of Radersburg, Montana. The Company’s CEO is also a director of Winston.

The Agreement shall remain in effect for an initial term of five (5) years commencing on the date on which the Agreement is signed and shall be renewable for three (3) additional five (5) year terms.

Consideration payable to the Lessor under the Agreement is:

1. an initial cash payment of \$2,000 (Paid) and \$1,500 monthly payments thereafter;
2. annual payments by each of Bond and Winston of \$25,000, payable in shares of Bond and Winston respectively; and
3. \$25,000 upon the expiry of each five year term.

In addition to the lease payments noted above, by the end of each calendar year commencing in 2021, Bond and Winston must incur minimum annual expenditures on the Property of \$75,000 (the “Annual Expenditure”).

The Agreement includes the exclusive option to purchase the Property at any time for \$1,500,000, plus a 3.0% net smelter returns royalty (the “Royalty”), (which increases to a \$4.0% NSR Royalty should the price of gold exceed \$2,000 per ounce), in and to all of the minerals produced from the Property.

Aspen and Bearcat Properties

Pursuant to the reverse merger, the Company holds a 100% interest in the Aspen property claim block, which is a 1,292 hectare, early stage, prospective mineral exploration property located on the Nechako Plateau in British Columbia. Subsequent to the period ending March 31, 2022, the Aspen property was sold for CAD\$20,000 to a Company controlled by a Director .

In addition, through staking, the Company acquired the Bearcat mineral property near Nazko, British Columbia. Subsequent to the period ending March 31, 2022, the Bearcat claims expired.

BOND RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

6. Share Capital

(a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of preferred shares, issuable in series

(b) Issuances

On December 14, 2021, Bond completed Tranche 1 of its non-brokered private placement, raising \$569,555 (CAD\$729,600) in gross proceeds through the issuance of 12,160,000 units at a price of CAD\$0.06 per Unit. Each Unit is comprised of one common share and one-half common share purchase warrant, with each whole Warrant entitling the holder to purchase one common share of Bond at a price of \$0.12 per share for a period of 2 years, provided that, if after the expiry of all resale restrictions, the closing price of the Company's Shares is equal to or greater than \$0.25 per share for 20 consecutive trading days, the Company may, by notice to the Warrant holders, reduce the remaining exercise period of the Warrants to not less than 30 days following the date of such notice. Aggregate compensation of \$5,808 (CAD\$7,440) in cash, 116,000 finders' warrants, valued at \$1,811 (CAD\$2,320) using the Black Scholes method, (having the same general terms as the Warrants forming part of the Units) and 530,500 common shares was paid by the Company as finders' fees, valued at \$12,424 (CAD\$15,915) using the Black Scholes method.

On May 7, 2021, Bond closed Tranches 2 and 3 of the above private placement raising an additional \$212,744 (CAD\$258,600) through the issuance of 2,155,000 additional units on the same terms as Tranche 1 above. Aggregate compensation of \$14,480 (CAD \$17,507) and 145,600 finders' warrants, valued at \$9,583 (\$11,648 CAD) using the Black Scholes method, was paid by the Company as finders' fees.

On March 30, 2021, Bond completed Tranche 1 of a private placement raising \$1,740,194 (CAD \$2,188,293) in gross proceeds through the issuance of 18,235,779 units at a price of CAD\$0.12 per Unit. Each Unit is comprised of one common share and one common share purchase warrant, with each whole Warrant entitling the holder to purchase one common share of Bond at a price of CAD\$0.16 per share for a period of 5 years. Aggregate compensation of \$9,643 (CAD \$12,126) and 101,050 finders' warrants, valued at \$6,428 (\$8,084 CAD) using the Black Scholes method, was paid by the Company as finders' fees.

On December 21, 2020, Bond completed a private placement raising \$1,841,694 (CAD \$2,366,392) in gross proceeds through the issuance of 15,775,947 units at a price of CAD\$0.15 per Unit. Each Unit is comprised of one common share and one common share purchase warrant, with each whole Warrant entitling the holder to purchase one common share of Bond at a price of CAD\$0.40 per share for a period of 2 years, provided that in the event the closing price of the Company's Shares is equal to or greater than CAD\$0.60 per share for 20 consecutive trading days at any time following four months after the date of closing, the Company may, by notice to the Warrant holders, reduce the remaining exercise period of the Warrants to not less than 30 days following the date of such notice. Aggregate compensation of \$1,115 (CAD \$1,440) and 4,800 finders' warrants, valued at \$187 (\$240 CAD) using the Black Scholes method, was paid by the Company as finders' fees.

BOND RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

6. Share Capital (continued)

(c) Warrants

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

Number of Shares	Exercise Price CAD	Expiry Date
250,000	\$0.40	April 16, 2022
70,000	\$0.40	April 30, 2022
15,780,747	\$0.40	December 21, 2022
18,336,829	\$0.16	March 30, 2026
2,300,600	\$0.16	May 7, 2026
6,196,000	\$0.12	December 14, 2023
42,934,176	\$0.24	

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

	Number of Warrants	Weighted Average Exercise Price CAD
Outstanding at June 30, 2020	4,774,345	0.39
Warrants Issued	36,418,176	0.26
Warrants Expired	(140,000)	0.20
Warrants Exercised	(56,000)	0.15
Outstanding at June 30, 2021	40,996,521	0.28
Warrants Issued	6,196,000	0.12
Warrants Expired	(4,258,345)	0.40
Outstanding at March 31, 2022	42,934,176	\$ 0.24

During the period ended March 31, 2022, 4,258,345 warrants exercisable at CAD\$0.40 expired unexercised and subsequent to March 31, 2022, 320,000 warrants exercisable at CAD\$0.40 expired unexercised. During the year ended June 30, 2021, 56,000 warrants were exercised to acquire common shares at CAD\$0.15 per common share for proceeds of \$6,398 (CAD\$8,400). \$24,200 was transferred from equity reserve to share capital to account for the fair value of these warrants.

(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 10 years.

BOND RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

6. Share Capital (continued)

(d) Share based payments (continued)

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 $\frac{1}{4}$ of the options each 3 months.

On May 25, 2020, the Company granted 4,030,000 stock options at a price of CAD\$0.30 exercisable for a period of five years. Share based compensation of \$650,000, calculated as the fair value of the stock options, was expensed in the June 30, 2020 statement of loss.

The fair value of stock options above were determined using the Black-Scholes model with the following assumptions:

Grant date	May 25, 2020
Exercise price	CAD\$0.30
Expected life	5 years
Expected forfeiture rate	0.00%
Expected dividend yield	0.00%
Expected annual volatility (historical)	100.00%
Risk free rate	0.36%

A summary of the Company's outstanding stock options is presented below:

Number of Shares	Exercise Price CAD	Expiry Date
415,000	\$0.20	June 24, 2024
3,530,000	\$0.30	May 25, 2025
3,945,000	\$0.29	

A summary of the Company's outstanding stock options is presented below:

	Number of Options	Weighted Average Exercise Price CAD
Outstanding at June 30, 2020	4,585,000	0.29
Options Expired	(500,000)	(0.30)
Options Exercised	(140,000)	(0.20)
Outstanding at June 30, 2021 and March 31, 2022	3,945,000	\$ 0.29

During the year ended June 30, 2021, 140,000 options were exercised to acquire common shares at CAD\$0.20 per common share for proceeds of \$20,937 (CAD\$28,000) and 500,000 options expired unexercised. The closing trading price at date of exercise was CAD\$0.35.

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Notes to the Condensed Interim Consolidated Financial Statements

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(all amounts are expressed in United States dollars)

(Unaudited)

7. 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.

(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 property payments (note 5) and accounts payable and accrued liabilities which are due within the next 12 months. The Company has current assets of \$91,176 to settle current obligations of \$542,262.

Obligations and commitments due in the period ended March 31,	2023	2024	2025	2026 and beyond
Trade and other payables	\$ 106,112	\$ -	\$ -	\$ -
Acquisition costs	\$ 329,000	\$ 329,000	\$ 329,000	\$ 8,049,000

(b) 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

Bond is exposed to foreign currency exchange rate fluctuations as the Company trades on a Canadian Stock Exchange and raises funds in Canadian dollars. Canadian AR and AP is \$45,250 and \$56,343 respectively, converted at \$1.2496 USD to CAD.

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.

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.

BOND RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

7. Financial Instruments and Risk Management (continued)

(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, accounts payable and accrued liabilities approximates fair value due to the short-term nature.

8. 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 shareholders' equity to be capital of the Company. The Company does not have any externally imposed restrictions on its capital.

9. Segmented Information

The Company operates in two reportable geographical segments, being the United States and Canada, and one operating segment in the United States. All non current assets are located in the United States.