

BOND RESOURCES INC.

Consolidated Financial Statements

For the years ended June 30, 2022 and 2021

(in United States dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Bond Resources Inc.:

Opinion

We have audited the consolidated financial statements of Bond Resources Inc. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at June 30, 2022 and 2021, and the consolidated statements of net loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Aycha Aziz.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
October 27, 2022

BOND RESOURCES INC.
Consolidated Statements of Financial Position
As at June 30, 2022 and 2021
(in United States Dollars)

	June 30, <u>2022</u>	June 30, <u>2021</u>
Assets		
Current assets:		
Cash	\$ 9,765	\$ 1,621,563
GST receivable	44,799	34,279
Prepaid expenses	4,608	5,038
Total current assets	59,172	1,660,880
Non-current assets:		
Property and equipment (Note 5)	334,592	397,920
Exploration and evaluation assets (Note 6)	1,420,788	1,118,788
Total non-current assets	1,755,380	1,516,708
Total assets	\$ 1,814,552	\$ 3,177,588
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (Note 4)	\$ 200,236	\$ 99,108
Due to related party (Note 4)	746,150	-
Total current liabilities	946,386	99,108
Shareholders' equity		
Share capital (Note 7)	8,796,384	8,234,448
Share-based payments reserve (Note 7)	720,368	718,557
Foreign currency translation reserve	(62,540)	(40,843)
Deficit	(8,586,046)	(5,833,682)
Total shareholders' equity	868,166	3,078,480
Total liabilities and shareholders' equity	\$ 1,814,552	\$ 3,177,588

Nature of Operations and Going Concern (Note 1)

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 consolidated financial statements.

BOND RESOURCES INC.

Consolidated Statements of Net Loss and Comprehensive Loss

For the years ended June 30, 2022 and 2021
(in United States Dollars)

	<u>Year ending June 30, 2021</u>	<u>Year ending June 30, 2020</u>
Exploration costs		
Amortization (Note 5)	\$ 77,478	\$ 87,713
Assays	3,968	4,376
Drilling	-	239,895
Equipment rental	642,753	496,197
Insurance	115,006	97,248
Office and miscellaneous	201,052	43,535
Permitting	80	9,073
Repairs and maintenance	-	5,953
Salaries, wages and benefits	1,039,283	569,699
Supplies	305,075	222,491
Travel and auto	46,330	49,503
	2,431,025	1,825,683
Expenses		
Accounting and audit fees (Note 4)	60,716	36,486
Finance costs	165	155
Foreign exchange (gain) loss	(804)	26,769
Legal, consulting and corporate services (Note 4)	22,668	108,865
Management fees (Note 4)	151,289	217,639
Marketing activities	-	100,136
Office, occupancy and administration (Note 4)	28,039	27,343
Shareholder communications (Note 4)	60,239	45,978
Transfer agent and filing fees	12,549	15,319
	334,861	578,690
Total exploration costs and expenses	2,765,886	2,404,373
Other gains (losses):		
Write-off of exploration and evaluation assets (Note 6)	(2,000)	-
Gain on sale of exploration and evaluation assets (Note 6)	15,522	-
Net loss	(2,752,364)	(2,404,373)
Other comprehensive income:		
Items that will be reclassified subsequently to profit or loss		
Foreign currency translation of foreign operations	(21,697)	(71,871)
Comprehensive loss	\$ (2,774,061)	\$ (2,476,244)
Net loss per share - basic and diluted	\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding - basic and diluted	121,893,938	91,980,577

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

BOND RESOURCES INC.

Consolidated Statements of Changes in Shareholders' Equity

For the years ending June 30, 2022 and 2021

(in United States Dollars)

	Share Capital		Share-Based Payments Reserve	Foreign Currency Translation Reserve	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	569,555	-	-	-	569,555
Share issue costs	530,500	(7,619)	1,811	-	-	(5,808)
Net and comprehensive loss	-	-	-	(21,697)	(2,752,364)	(2,774,061)
Balance, June 30, 2022	127,700,276	\$ 8,796,384	\$ 720,368	\$ (62,540)	\$ (8,586,046)	\$ 868,166

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

BOND RESOURCES INC.
Consolidated Statements of Cash Flows
For the years ended June 30, 2022 and 2021
(in United States Dollars)

	<u>Year ending June 30, 2022</u>	<u>Year ending June 30, 2021</u>
Operating Activities		
Net loss	\$ (2,752,364)	\$ (2,404,373)
Non cash item:		
Amortization	77,478	87,713
Write-off of exploration and evaluation assets	2,000	-
Changes in non-cash working capital:		
GST receivable	(10,520)	(13,104)
Prepaid expenses	430	75,968
Accounts payable and accrued liabilities	101,128	(20,998)
Net cash used in operating activities	(2,581,848)	(2,274,794)
Investing Activities		
Property and equipment (Note 5)	(14,150)	-
Exploration and evaluation assets (Note 6)	(304,000)	(304,000)
Net cash used in investing activities	(318,150)	(304,000)
Financing Activities		
Issuance of shares for cash, net of share issue costs (Note 7)	563,747	3,796,580
Due from shareholder	-	119,079
Due to related party (Note 4)	746,150	-
Net cash provided by financing activities	1,309,897	3,915,659
Increase/ (decrease) in cash	(1,590,101)	1,336,865
Effect of foreign exchange on cash	(21,697)	(71,871)
Cash, beginning of the year	1,621,563	356,569
Cash, end of the year	\$ 9,765	\$ 1,621,563

Supplement cash flow information for year ended June 30, 2022:

- a) Income tax paid - \$nil (2021 - \$nil)
- b) Interest paid - \$nil (2021 - \$nil)

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

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

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 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.

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. For the year ended June 30, 2022, the Company incurred a loss of \$2,752,364 and had negative cash flows from operations of \$2,581,848. 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 6) 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.

These events and conditions create a material uncertainty that may 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.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

2. Basis of Presentation

(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”). These consolidated financial statements were approved and authorized for issuance on October 27, 2022 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. These consolidated financial statements are prepared using the accrual method of accounting, except for cash flow information.

The consolidated financial statements are presented in United States dollars (“USD”), which is the functional currency of MJ Mining and MJ Mining Corp. The functional currency of Bond is the Canadian dollar (“CAD”).

3. Significant Accounting Policies

(a) Cash

Cash consists of deposits held at financial institutions.

(b) Property and Equipment

Property and equipment is recorded at cost less accumulated amortization 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.

Amortization is calculated using straight line method. Vehicles and mining equipment are amortized at 20% and 14% respectively. 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 profit or 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.

(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 costs of disposal and the asset's value in use.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

3. Significant Accounting Policies *(continued)*

(c) Impairment *(continued)*

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

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants.

Value in use is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit. 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 independent of the cash inflows from other assets or groups of assets.

(d) Exploration and Evaluation Assets

Exploration and evaluation assets include the costs of acquiring concessions and related licenses and lease costs. These costs are capitalized to the Company's consolidated statement of financial position. Costs incurred before the Company has obtained legal rights to explore an area are recognized in profit or loss.

Acquisition 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 when facts and circumstances indicate a potential impairment, which includes: the property has been abandoned; there are unfavourable changes in the property economics; there are restrictions on development; or when there has been an undue delay in development.

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 dependant on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Exploration and evaluation assets are classified as intangible assets.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

3. Significant Accounting Policies *(continued)*

(e) Exploration and Evaluation Expenditures

Costs directly related to exploration and evaluation (“E&E”) expenditures are expensed to profit or loss. These direct expenditures include such costs as materials used, surveying and sampling costs, drilling costs, payments made to contractors, geologists, consultants, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general and administrative overhead costs, are also expensed in the period in which they occur.

(f) Provision for environmental rehabilitation

The Company’s activities may give rise to dismantling, decommissioning and site disturbance remediation activities. A provision is made for the estimated cost of site restoration. Decommissioning obligations are measured at the present value of management’s best estimate of expenditures required to settle the present obligation at the date of the consolidated statement of financial position. The fair value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The obligation is subsequently adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion costs whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. As at June 30, 2022 and 2021, the Company had no material decommissioning liabilities.

(g) Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/ income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

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

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

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

3. Significant Accounting Policies *(continued)*

(h) 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. 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.

(i) Financial Instruments

The Company recognizes financial assets and financial liabilities, including derivatives, on the consolidated statement 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 consolidated 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

Financial instruments at amortized cost are initially recognized at fair value plus transaction costs. 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 Solely Payments of Principal and Interest ("SPPI"). All financial liabilities are measured at amortized cost using the effective interest method (the amount of the discount is amortized to interest expense over the life, using the effective interest rate) except for liabilities incurred for the purposes of selling or repurchasing in the short-term, if they are held-for trading and those that meet the definition of a derivative. Cash, accounts payable and accrued liabilities and due to related party are classified as financial assets or liabilities measured at amortized cost.

Fair value through other comprehensive income ("FVTOCI")

Financial instruments at FVTOCI are initially recognized at fair value plus transaction costs. 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 SPPI on the principal amount outstanding. The Company does not have any financial instruments classified as FVTOCI.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

3. Significant Accounting Policies *(continued)*

(i) Financial Instruments *(continued)*

Fair value through profit or loss ("FVTPL")

Financial instruments at FVTPL are initially recognized at fair value, and transaction costs are expensed in profit or loss. 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 a financial instrument 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 statement of financial position 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. The Company does not have any financial instruments measured at FVTPL.

(j) 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. This does not apply to mineral leases because they are scoped out of IFRS 16.

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these leases are instead recognized as an expense over the lease term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit. During the year ended June 30, 2022, the Company expensed \$14,900 (June 30, 2021 - \$10,611) as occupancy expense.

(k) Share Capital

Financial instruments issued by the Company are classified as equity, only to the extent that they do not meet the definition of a financial liability or asset. The Company's common shares, share warrants and share options are classified as equity instruments. Incremental costs, directly attributable to the issue of new shares, warrants or options, are shown in equity as a deduction, net of tax, from proceeds.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

3. Significant Accounting Policies *(continued)*

(k) Share Capital *(continued)*

Units

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the date of grant. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded in equity reserve.

Warrants

Warrants denominated in the same currency as the functional currency of the Company meet the definition of an equity instrument and are included in the equity reserve. Warrants issued for services are fair valued on the issuance date using the Black-Scholes option pricing model. If and when the warrants are exercised, the applicable fair value within equity reserve is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital. For those warrants that expire unexercised on maturity, the applicable fair value is transferred to deficit.

(l) Share-based Payments

Where equity-settled share options are awarded to employees or non-employees, the fair value of the options at the date of grant is charged to the Company's profit or loss over the vesting period, with the offsetting amount credited to equity reserve. The number of equity instruments expected to vest at each reporting date, are taken into account so that the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is charged to the Company's profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the Company's profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the Company's profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

3. Significant Accounting Policies *(continued)*

(m) Share-based Payments *(continued)*

The expected life used in the valuation model is adjusted, based on management's best estimate, for effects of non-transferability, exercise restrictions and behavioural considerations. All equity-settled share-based payments are reflected in equity reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in equity reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company accounts for the cancellation as an acceleration of vesting and immediately recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent that the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. Where vesting conditions are not satisfied and options are forfeited, the Company transfers the fair value amount of the unvested options which had been recognized over the vesting period, from equity reserve to deficit.

(n) Foreign Currency Translation

Monetary assets and liabilities denominated in currencies other than functional currencies are translated into functional currencies at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the transaction date exchange rate. Foreign currency gains and losses resulting from translation are reflected in net loss for the period.

(o) Foreign Operations

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the consolidated statement of financial position date;
- Income and expenses are translated at quarterly average exchange rates for the year or period presented;
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as a reserve for foreign currency translation.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the foreign currency translation reserve.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

3. Significant Accounting Policies *(continued)*

(p) Use of estimates and judgements

The preparation of consolidated financial statements requires management to make estimates and use judgement regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the consolidated 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 consolidated 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 Judgements

Exploration and evaluation assets

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.

Contingencies

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

Estimates

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.

Provisions

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

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

3. Significant Accounting Policies *(continued)*

(p) Use of estimates and judgements *(continued)*

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 two CGU's based on its two projects.

Amortization

The amounts recorded for amortization are based on estimates including economic life 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 like technological innovation and maintenance programs, estimated costs to develop and produce precious metals.

(q) Upcoming Accounting Standards and Interpretations

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for accounting periods beginning on or after July 1, 2022 or later periods. The new and amended standards are not expected to have a material impact on the Company.

4. Related Party Transactions

The following is a summary of charges incurred by the Company with key management personnel, consisting of the chief executive officer and president, chief financial officer, and directors:

Year ended June 30,	2022	2021
Management fees	110,547	174,674
Total	\$ 110,547	\$ 174,647

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

4. Related Party Transactions (continued)

The following is a summary of charges incurred by the Company with related parties, other than key management personnel:

Year ended June 30,	2022	2021
Accounting fees	\$ -	\$ 3,513
Legal and corporate services	11,778	24,475
Office, occupancy and administration	25,609	13,467
Shareholder communications	34,922	27,949
Total	\$ 72,309	\$ 69,404

During the year ended June 30, 2022, Bond incurred operational expenses for accounting, office and legal and corporate services of \$37,387 from companies controlled by an officer and the secretary of the Company. Shareholder communication expenses of \$34,922 were charged to the Company by a person related to a director for services rendered.

Included in Bond's accounts payable and accrued liabilities at June 30, 2022 is \$57,963 (June 30, 2021 - \$nil) owed to officers for management fees. Transactions with related parties are non-interest bearing and have no repayment terms.

During the year ending June 30, 2022, the CEO advanced \$746,150 to the Company (June 30, 2021 - \$nil) as an unsecured, non-interest bearing loan with no repayment terms.

5. 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 June 30, 2022	\$ 511,358	\$ 24,769	\$ 536,127
Accumulated Amortization, June 30, 2020	\$ (34,619)	\$ (1,725)	\$ (36,344)
Amortization	(80,700)	(7,013)	(87,713)
Accumulated Amortization, June 30, 2021	(115,319)	(8,738)	(124,057)
Amortization	(72,546)	(4,932)	(77,478)
Accumulated Amortization, June 30, 2022	(187,865)	(13,670)	(201,535)
Net Carrying Amount, June 30, 2021	\$ 381,889	\$ 16,031	\$ 397,920
Net Carrying Amount, June 30, 2022	\$ 323,493	\$ 11,099	\$ 334,592

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

6. 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	-	200,000
Option payment	-	2,000	2,000
Balance, June 30, 2021	\$ 1,116,788	\$ 2,000	\$ 1,118,788
Ground lease rent	104,000	-	104,000
Net profits royalty advance	200,000	-	200,000
Write-off	-	(2,000)	(2,000)
Balance, June 30, 2022	\$ 1,420,788	\$ -	\$ 1,420,788
Total Exploration and evaluation assets, June 30, 2021	\$ 1,116,788	\$ 2,000	\$ 1,118,788
Total Exploration and evaluation assets, June 30, 2022	\$ 1,420,788	\$ -	\$ 1,420,788

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 (the "Transaction"). 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, 2021, and 2022);
- 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.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

6. Exploration and Evaluation Assets (continued)

Mary K Property – (continued)

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, 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 (\$104,000 annually).

Hard Cash Property

In February, 2021, the Company and Winston Gold Corp. (“Winston”) (CSE: WGC) 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 were equal partners in the project, with Winston as the operator. The Company’s CEO is also a director of Winston.

The Agreement required an initial payment of \$2,000 (accrued), monthly payments of \$1,500 and additional annual commitments. During the year ended June 30, 2022, management withdrew from the Agreement with Winston and, consequently, wrote off the costs associated with this Property.

Aspen and Bearcat Properties

Pursuant to the reverse merger, the Company held 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. During the year ending June 30, 2022, the Aspen property was sold for \$15,522 (CAD\$20,000) to a Company controlled by a Director. During the year ended June 30, 2022, a gain on sale of exploration and evaluation assets of \$15,522 was recognized.

Through staking, the Company acquired the Bearcat mineral property near Nazko, British Columbia, during the year ended June 30, 2020. The capitalized costs associated with the Bearcat claims were written off during the year ended June 30, 2020. During the year ended June 30, 2022, the Bearcat claims expired.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(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) Issuances

Year ended June 30, 2022:

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 CAD\$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. These warrants included in the unit offering were valued at \$nil under the residual value method. 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 option pricing model, (having the same general terms as the warrants forming part of the Units) and 530,500 common shares was issued by the Company as finders' fees, valued at \$12,424 (CAD\$15,915).

Year ended June 30, 2021:

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. These warrants included in the unit offering were valued at \$nil under the residual value method. Aggregate compensation of \$1,115 (CAD \$1,440) and 4,800 finders' warrants, valued at \$187 (\$240 CAD) using the Black-Scholes option pricing model, 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. These warrants included in the unit offering were valued at \$nil under the residual value method. Aggregate compensation of \$9,643 (CAD \$12,126) and 101,050 finders' warrants, valued at \$6,428 (\$8,084 CAD) using the Black-Scholes option pricing model, was paid by the Company as finders' fees.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

7. Share Capital (continued)

(b) Issuances (continued)

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. The warrants included in these unit offerings were valued at \$nil under the residual value method. Aggregate compensation of \$14,480 (CAD \$17,507) and 145,600 finders' warrants, valued at \$9,583 (\$11,648 CAD) using the Black-Scholes option pricing model, was paid by the Company as finders' fees.

(c) Warrants

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

Number of Warrants	Exercise Price CAD	Expiry Date
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
42,614,176	\$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	(4,578,345)	0.40
Outstanding at June 30, 2022	42,614,176	\$ 0.24

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). \$3,611 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 Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

7. 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.

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

Number of Options	Exercise Price CAD	Expiry Date	Weighted Average Life Remaining (years)
415,000	\$0.20	June 24, 2024	1.98
3,530,000	\$0.30	May 25, 2025	2.90
3,945,000	\$0.29		2.80

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 and exercisable at June 30, 2021 and 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). \$12,413 was transferred from equity reserve to share capital to account for the fair value of these options. The closing trading price at date of exercise was CAD\$0.35.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

8. Income Taxes

The net income tax provision for the year ended June 30, 2022 differs from that expected by applying the Canadian federal and provincial corporate rate and the US state and federal rates due to the following:

For the year ending June 30,		2022		2021
Net loss before taxes	\$	(2,752,364)	\$	(2,404,373)
Statutory tax rate		27%		27%
Expected income tax recovery		(743,000)		(649,000)
Increase (decrease) in taxes:				
Change in foreign and statutory rates		17,000		3,000
Non-deductible expenses		-		1,000
Share issue costs		(5,000)		(11,000)
Change in estimate		161,000		-
Tax benefit not recognized		570,000		656,000
Income tax expense	\$	-	\$	-

Deferred income tax assets have not been recognized in Canada and the United States at June 30, 2022 in respect of the following temporary differences:

For the year ending June 30,		2022		2021
Non-capital losses	\$	1,963,000	\$	1,346,000
Property and equipment		(4,000)		1,000
Exploration and evaluation assets		25,000		61,000
Share issue costs		22,000		28,000
Unrecognized deferred tax assets		(2,006,000)		(1,436,000)
Deferred income tax assets	\$	-	\$	-

The Company's non-capital loss carryforwards balance of approximately \$7,465,000, of which \$6,013,000 is US based losses and \$1,452,000 is Canadian based losses. The US based losses are available to reduce future years' US taxable income and can be carried forward indefinitely. The Canadian losses are available to reduce future years' Canadian taxable income and, if not fully utilized, will commence to expire between fiscal years 2038 to 2042.

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. There were no changes to the Company's risk exposure during the year ended June 30, 2022.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. 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 is held in a major financial institution in Canada and the United States.

BOND RESOURCES INC.

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

9. Financial Instruments and Risk Management *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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 6), accounts payable and accrued liabilities which are due within the next 12 months, and due to related party, which is short term in nature. The Company has current assets of \$59,172 to settle current obligations of \$946,386.

Obligations due in the year ended June 30,	2023	2024	2025	2026 and beyond
Trade and other payables	\$ 200,236	\$ -	\$ -	\$ -
Due to related party	\$ 746,105	\$ -	\$ -	\$ -

(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 risk: currency risk, interest rate risk and other price risk.

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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 cash and accrued liabilities is CAD\$1,243 and CAD\$49,212 respectively, converted at \$1.2886 USD to CAD.

ii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any exposure to changes in interest rates and is therefore not exposed to this risk.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market 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 Consolidated Financial Statements

June 30, 2022 and 2021

(all amounts are expressed in United States dollars)

9. 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 and due to related party approximates their fair values due to the short-term nature of these instruments.

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 shareholders' equity to be capital of the Company, in the amount of \$868,166 (June 30, 2021 - \$3,078,480). The Company does not have any externally imposed restrictions on its capital.

The Company's strategy for managing capital did not change during the year ended June 30, 2022.

11. 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.