

**BOND RESOURCES INC.**

Condensed Interim Consolidated Financial Statements

For the period ended September 30, 2022 and 2021

(in United States dollars)

# BOND RESOURCES INC.

## Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2022 and 2021

(in United States Dollars)

(Unaudited)

|   | September 30,<br><u>2022</u> | June 30,<br><u>2022</u> |
|---|------------------------------|-------------------------|
| <b>Assets</b>                                     |                              |                         |
| Current assets:                                   |                              |                         |
| Cash  | \$ 4,727                     | \$ 9,765                |
| GST receivable                                    | 42,619                       | 44,799                  |
| Prepaid expenses                                  | 3,155                        | 4,608                   |
| <b>Total current assets</b>                       | <b>50,501</b>                | 59,172                  |
| Non-current assets:                               |                              |                         |
| Property and equipment (Note 4)                   | 315,097                      | 334,592                 |
| Exploration and evaluation assets (Note 5)        | 1,446,788                    | 1,420,788               |
| <b>Total non-current assets</b>                   | <b>1,761,885</b>             | 1,755,380               |
| <b>Total assets</b>                               | <b>\$ 1,812,386</b>          | \$ 1,814,552            |
| <b>Liabilities</b>                                |                              |                         |
| Current liabilities:                              |                              |                         |
| Accounts payable and accrued liabilities (Note 3) | \$ 403,479                   | \$ 200,236              |
| Due to related party (Note 3)                     | 876,150                      | 746,150                 |
| <b>Total current liabilities</b>                  | <b>1,279,629</b>             | 946,386                 |
| <b>Shareholders' equity</b>                       |                              |                         |
| Share capital (Note 6)                            | 8,796,384                    | 8,796,384               |
| Share-based payments reserve (Note 6)             | 720,368                      | 720,368                 |
| Foreign currency translation reserve              | (59,399)                     | (62,540)                |
| Deficit   | (8,924,596)                  | (8,586,046)             |
| <b>Total shareholders' equity</b>                 | <b>532,757</b>               | 868,166                 |
| <b>Total liabilities and shareholders' equity</b> | <b>\$ 1,812,386</b>          | \$ 1,814,552            |

### 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 condensed interim consolidated financial statements.

# BOND RESOURCES INC.

## Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

For the periods ended September 30, 2022 and 2021

(in United States Dollars)

(Unaudited)

|  | Period ending<br><u>September</u><br><u>30, 2022</u> | Period ending<br><u>September 30,</u><br><u>2021</u> |
|--|--|--|
| <b>Exploration costs</b>   |  |  |
| Amortization (Note 4)  | \$ 19,495  | \$ 15,920  |
| Equipment rental   | 102,340  | 147,523  |
| Insurance  | 26,900   | 29,774   |
| Office and miscellaneous   | 11,115   | 50,381   |
| Salaries, wages and benefits   | 129,504  | 271,359  |
| Supplies   | 819  | 142,887  |
| Travel and auto  | 7,587  | 7,636  |
|  | <b>297,760</b>                                       | <b>665,480</b>                                       |
| <b>Expenses</b>  |  |  |
| Accounting and audit fees (Note 3)                                       | 1,316  | 7,019  |
| Finance costs  | -  | 45   |
| Foreign exchange (gain) loss   | (56)   | (3,872)  |
| Legal, consulting and corporate services (Note 3)                        | 396  | 8,639  |
| Management fees (Note 3)   | 29,047   | 47,411   |
| Office, occupancy and administration (Note 3)                            | 5,003  | 7,177  |
| Shareholder communications (Note 3)                                      | 2,907  | 17,566   |
| Transfer agent and filing fees   | 2,177  | 2,383  |
|  | <b>40,790</b>  | <b>86,368</b>  |
| <b>Total exploration costs and expenses</b>                              | <b>338,550</b>                                       | <b>751,848</b>                                       |
| <b>Net loss</b>  | <b>(338,550)</b>                                     | <b>(751,848)</b>                                     |
| <b>Other comprehensive income:</b>                                       |  |  |
| <b>Items that will be reclassified subsequently to profit or loss</b>    |  |  |
| Foreign currency translation of foreign operations                       | 3,141  | (27,288)   |
| <b>Comprehensive loss</b>  | <b>\$ (335,409)</b>                                  | <b>\$ (779,136)</b>                                  |
| <b>Net loss per share - basic and diluted</b>                            | <b>\$ (0.00)</b>                                     | <b>\$ (0.01)</b>                                     |
| <b>Weighted average number of shares outstanding - basic and diluted</b> | <b>127,700,276</b>                                   | <b>115,009,776</b>                                   |

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, 2021 to September 30, 2022

(in United States Dollars)

(Unaudited)

|                                    | Share Capital<br>Number<br>Amount |                     | Share-Based<br>Payments<br>Reserve |           | Foreign<br>Currency<br>Translation<br>Reserve |           | Deficit            |           | Total          |
|------------------------------------|-----------------------------------|---------------------|------------------------------------|-----------|---|-----------|--------------------|-----------|----------------|
| Balance, June 30, 2021             | 115,009,776                       | \$ 8,234,448        | \$ 718,557                         | \$        | (40,843)                                      | \$        | (5,833,682)        | \$        | 3,078,480      |
| Net and comprehensive loss         | -                                 | -                   | -                                  |           | (27,288)                                      |           | (751,848)          |           | (779,136)      |
| Balance, September 30, 2021        | 115,009,776                       | \$ 8,234,448        | \$ 718,557                         | \$        | (68,131)                                      | \$        | (6,585,530)        | \$        | 2,299,344      |
| 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         | -                                 | -                   | -                                  |           | 5,591   |           | (2,000,516)        |           | (1,994,925)    |
| Balance, June 30, 2022             | 127,700,276                       | \$ 8,796,384        | \$ 720,368                         | \$        | (62,540)                                      | \$        | (8,586,046)        | \$        | 868,166        |
| Net and comprehensive loss         | -                                 | -                   | -                                  |           | 3,141   |           | (338,550)          |           | (335,409)      |
| <b>Balance, September 30, 2022</b> | <b>127,700,276</b>                | <b>\$ 8,796,384</b> | <b>\$ 720,368</b>                  | <b>\$</b> | <b>(59,399)</b>                               | <b>\$</b> | <b>(8,924,596)</b> | <b>\$</b> | <b>532,757</b> |

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 September 30, 2022 and 2021

(in United States Dollars)

(Unaudited)

|   | <b>Period ending<br/>September 30, 2022</b> | Period ending<br>September 30, 2021 |
|---|---|-------------------------------------|
| <b>Operating Activities</b>                         |   |                                     |
| Net loss  | \$ (338,550)                                | \$ (751,848)                        |
| Non cash item:                                      |   |                                     |
| Amortization  | 19,495                                      | 15,920                              |
| Changes in non-cash working capital:                |   |                                     |
| GST receivable                                      | 2,180                                       | (2,202)                             |
| Prepaid expenses                                    | 1,453                                       | 2,082                               |
| Accounts payable and accrued liabilities            | 203,243                                     | (75,751)                            |
| <b>Net cash used in operating activities</b>        | <b>(112,179)</b>                            | <b>(811,799)</b>                    |
| <b>Investing Activities</b>                         |   |                                     |
| Property and equipment ( <i>Note 4</i> )            | -   | (14,150)                            |
| Exploration and evaluation assets ( <i>Note 5</i> ) | (26,000)                                    | (26,000)                            |
| <b>Net cash used in investing activities</b>        | <b>(26,000)</b>                             | <b>(40,150)</b>                     |
| <b>Financing Activities</b>                         |   |                                     |
| Due to related party ( <i>Note 3</i> )              | 130,000                                     | -                                   |
| <b>Net cash provided by financing activities</b>    | <b>130,000</b>                              | <b>-</b>                            |
| <b>Increase/ (decrease) in cash</b>                 | <b>(8,179)</b>                              | <b>(851,949)</b>                    |
| <b>Effect of foreign exchange on cash</b>           | <b>3,141</b>                                | <b>(27,288)</b>                     |
| <b>Cash, beginning of the year</b>                  | <b>9,765</b>                                | <b>1,621,563</b>                    |
| <b>Cash, end of the year</b>                        | <b>\$ 4,727</b>                             | <b>\$ 742,326</b>                   |

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

# BOND RESOURCES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

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### 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 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. For the period ended September 30, 2022, the Company incurred a loss of \$338,550 and had negative cash flows from operations of \$112,179. 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.

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 Condensed Interim Consolidated Financial Statements

September 30, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

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### 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”). For the three months ending September 30, 2022, these statements 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 were approved and authorized for issuance on November 28, 2022 by the Board of Directors.

#### (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. 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”).

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, 2022 audited annual financial statements.

### 3. 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:

| Three Month Period ended September 30, | 2022      | 2021      |
|--|-----------|-----------|
| Management fees                        | 29,047    | 29,038    |
| Total                                  | \$ 29,047 | \$ 29,038 |

# BOND RESOURCES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

### 3. Related Party Transactions *(continued)*

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

| Three Month Period ended September 30, | 2022     | 2021      |
|--|----------|-----------|
| Legal and corporate services           | \$ -     | \$ 2,832  |
| Office, occupancy and administration   | 5,988    | 6,441     |
| Shareholder communications             | -        | 11,711    |
| Total                                  | \$ 5,988 | \$ 20,984 |

During the period ended September 30, 2022, Bond incurred operational expenses for accounting, office and legal and corporate services of \$5,988 from companies controlled by an officer and the secretary of the Company. Shareholder communication expenses of \$nil 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 September 30, 2022 is \$88,170 (June 30, 2022 - \$57,963) owed to officers for management fees. Transactions with related parties are non-interest bearing and have no repayment terms.

During the period ending September 30, 2022, the CEO advanced an additional \$130,000 to the Company (June 30, 2022 - \$746,150) as an unsecured, non-interest bearing loan with no repayment terms for a total loan outstanding of \$876,150.

### 4. Property and Equipment

|   | Mining equipment | Vehicles   | Total        |
|---|------------------|------------|--------------|
| <b>Cost</b>   |                  |            |              |
| <b>Balance June 30, 2021</b>                        | \$ 497,208       | \$ 24,769  | \$ 521,977   |
| Additions   | 14,150           | -          | 14,150       |
| <b>Balance June 30, 2022 and September 30, 2022</b> | \$ 511,358       | \$ 24,769  | \$ 536,127   |
| <b>Accumulated Amortization, June 30, 2021</b>      | \$ (115,319)     | \$ (8,738) | \$ (124,057) |
| Amortization  | (72,546)         | (4,932)    | (77,478)     |
| <b>Accumulated Amortization, June 30, 2022</b>      | (187,865)        | (13,670)   | (201,535)    |
| Amortization  | (18,262)         | (1,233)    | (19,495)     |
| <b>Accumulated Amortization, September 30, 2022</b> | (206,127)        | (14,903)   | (221,030)    |
| Net Carrying Amount, June 30, 2022                  | \$ 323,493       | \$ 11,099  | \$ 334,592   |
| <b>Net Carrying Amount, September 30, 2022</b>      | \$ 305,231       | \$ 9,866   | \$ 315,097   |



# BOND RESOURCES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

### 5. Exploration and Evaluation Assets

| <b>Acquisition Costs:</b>  | <b>Mary K Property</b> | <b>Hard Cash Property</b> | <b>Total</b>        |
|--|------------------------|---------------------------|---------------------|
| 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        |
| Ground lease rent  | 26,000                 | -                         | 26,000              |
| Balance, September 30, 2022  | \$ 1,446,788           | \$ -                      | \$ 1,446,788        |
| Total Exploration and evaluation assets, June 30, 2022             | \$ 1,420,788           | \$ -                      | \$ 1,420,788        |
| <b>Total Exploration and evaluation assets, September 30, 2022</b> | <b>\$ 1,446,788</b>    | <b>\$ -</b>               | <b>\$ 1,446,788</b> |

#### ***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 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.

# BOND RESOURCES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

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### 5. 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 Property*

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 and a gain on sale of exploration and evaluation assets of \$15,522 was recognized.

### 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

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

# BOND RESOURCES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

### 6. Share Capital (continued)

#### b) Issuances - (continued)

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).

#### (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 |
| <b>42,614,176</b>  | <b>\$0.24</b>      |                   |

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, 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 and September 30, 2022 | 42,614,176         | \$ 0.24                             |

#### (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.

No amounts are paid or payable by the recipient on receipt and the options are not dependent on any performance-based criteria. Share purchase options will vest when granted except where granted for investor relations activities which vest and may be exercised in accordance with the vesting provisions as to ¼ of the options each 3 months.

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

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## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

### 6. Share Capital (continued)

#### (d) Share-based payments - (continued)

| 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                                    |
| <b>3,945,000</b>  | <b>\$0.29</b>      |               | <b>2.80</b>                             |

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

|  | Number of Options | Weighted Average Exercise Price CAD |
|--|-------------------|-------------------------------------|
| <b>Outstanding and exercisable at June 30, 2022 and September 30, 2022</b> | <b>3,945,000</b>  | <b>\$ 0.29</b>                      |

### 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. There were no changes to the Company's risk exposure during the period ended September 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.

#### (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 5), 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 \$50,501 to settle current obligations of \$1,279,629.

| Obligations due in the period ended September 30, | 2023       | 2024 | 2025 | 2026 and beyond |
|---|------------|------|------|-----------------|
| Trade and other payables                          | \$ 403,479 | \$ - | \$ - | \$ -            |
| Due to related party                              | \$ 876,150 | \$ - | \$ - | \$ -            |

# BOND RESOURCES INC.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

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### 7. Financial Instruments and Risk Management *(continued)*

#### (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\$4,865 and CAD\$62,666 respectively, converted at \$1.3779 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.

#### (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.

# **BOND RESOURCES INC.**

## **Notes to the Condensed Interim Consolidated Financial Statements**

September 30, 2022

(all amounts are expressed in United States dollars)

(Unaudited)

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### **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, in the amount of \$532,757 (June 30, 2022 - \$868,166). The Company does not have any externally imposed restrictions on its capital.

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

### **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.