

Form 51-102-F1

BOND RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS For the nine months ended March 31, 2020

Directors and Officers as at May 22, 2020

Directors:

Robert Eadie
Gary Arca
Cynthia Avelino
Joseph A. Carrabba
Elaine J. Dorward-King

Officers:

President & Chief Executive Officer – Joseph A. Carrabba
Chief Financial Officer & Corporate Secretary – Gary Arca

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BOND RESOURCES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the nine months ended March 31, 2020

1.1 Date of This Report

This Management's Discussion & Analysis ("MD&A") should be read in conjunction with the unaudited financial statements of Bond Resources Inc. (Formerly J. Bond Capital Corporation) ("Bond" or the "Company") for the nine months ended March 31, 2020. All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Directors' Audit Committee meets with management quarterly to review the financial statements and the MD&A and to discuss other financial, operating and internal control matters. The reader is encouraged to review the Company's statutory filings on www.sedar.com

This MD&A is prepared as of May 22, 2020.

This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overall Performance

Description of Business

The Company was incorporated on January 22, 2007 under the Business Corporations Act of British Columbia as J. Bond Capital Corporation. It commenced operations in August, 2017. On November 16, 2018, the Company changed its business name to Bond Resources Inc. The Company is listed on the Canadian Securities Exchange (the "CSE"), the Company's shares commenced trading on the CSE on May 2, 2019 under the trading symbol "BJB". The Company is an exploration-stage company holding a 100% interest in two mineral properties in British Columbia, Canada and, subsequent to March 31, 2020, was acquired by MJ Mining Inc. which has the right to acquire properties in Idaho, USA (see *Recent Events*).

Recent events

Completion of MJ Mining Inc. Acquisition and Resumption of Trading

The Company's common shares resumed trading on the CSE on May 20, 2020. The resumption of trading follows regulatory acceptance of the Company's Share Exchange Agreement with MJ Mining Inc. ("MJ Mining"), a private Canadian company whose wholly-owned US subsidiary holds the contractual rights to acquire the Mary K Property in Idaho, USA (the "Property").

The Company issued 62,200,000 shares to the shareholders of MJ Mining to acquire the rights to the Property pursuant to the Acquisition Agreement. In conjunction with the acquisition, the Company closed its non-brokered private placement (the "Financing"), raising \$1,746,210 in gross proceeds through the issuance of 8,731,050 units (the "Units") at a price of \$0.20 per Unit. Each Unit is comprised of one common share and one-half of one common share purchase warrant (a "Warrant"), with each whole Warrant entitling the holder to purchase one common share (a "Share") of the Company at a price of \$0.40 per Share for a period of two years following the closing date, subject to an accelerated expiry if the closing price of the Shares is equal to or greater than \$0.60 per Share for 20 consecutive trading days at any time following four months after the date of closing.

The Company will use the proceeds from the Financing toward making initial payments to the underlying property owners and initiating the recommended work program on the Property and costs associated with closing the transaction (see *Section 1.4.1 – Property Activity*).

The Company has filed a 43-101 compliant technical report on the Mark K Property. A copy of "*Gold Exploration at the Mary K Prospect, Elk City District, Idaho County, Idaho, USA*" dated March 12, 2020, prepared by Richard C. Capps, Ph.D. of Capps geoscience, LLC has been posted on SEDAR and the CSE website.

As a result, the acquisition of MJ Mining resulted in a change of control, which transaction amounts to a reverse merger transaction ("Reverse Merger"). As a Reverse Merger, the Company will continue to be treated as the reporting entity. Upon completion of the Agreement, the Company is obligated to pay to the Finder, in consideration for the services performed by the Finder, a finder's fee equal to 3% of the Transaction value payable amounting to 1,866,000 common shares of the Company, which will be valued at fair market value at date of issuance.

For complete details on the acquisition and related financial statements, please see the Company's Listing Statement as filed on SEDAR and the CSE website.

1.3 Selected Annual Information

The highlights of financial data for the Company's three most recently completed year-ends, which are prepared in accordance with International Financial Reporting Standards ("IFRS"), are as follows:

| | June 30, 2019 | June 30, 2018 | June 30, 2017 |
|---|----------------------|----------------------|----------------------|
| | \$ | \$ | \$ |
| (a) Total revenues | Nil | Nil | Nil |
| (b) Total expenses | (263,964) | (28,868) | Nil |
| (c) Net loss | (263,964) | (28,868) | Nil |
| (d) Loss per share – basic and diluted | (0.06) | (0.01) | Nil |
| (e) Total assets | 394,855 | 195,420 | 1 |
| (f) Total long-term liabilities | Nil | Nil | Nil |
| (g) Cash dividends declared per - share | Nil | Nil | Nil |

1.4 **Results of Operations**

Discussion of Acquisitions, Operations and Financial Condition

The following should be read in conjunction with the March 31, 2020 unaudited financial statements of the Company and notes attached thereto.

1.4.1 **Property Activity**

Acquisition of MJ Mining Inc.

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

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

Mary K Property in Idaho

Pursuant to the MJ Mining acquisition Agreement, the Company has acquired the contractual interests in an option on the mineral properties, and related claims and property interests, in a 450-acre parcel more commonly known as the Mary K. Property in the State of Idaho, USA. (the "Property Agreement").

MJ Mining has been granted the exclusive option to acquire over a period of ten years, the right, title and interest in and to the Mary K Property, free and clear of all charges, encumbrances, claims, royalties, or other interests except for a 5% State Royalty, for a total purchase price of US\$8,650,000 (the "Purchase Price") as follows:

- a) US\$500,000 payable based upon the "Initial Closing", defined as April 10, 2020, as follows:
- US\$50,000 towards land purchase (paid);
 - US\$350,000 on Initial Closing (deferred to final closing in May 2020);
 - US\$100,000 on May 10, 2020 (deferred to final closing in May 2020); and
 - US\$100,000 June 10, 2020.
- b) The balance of the Purchase Price, US\$8,150,000 will be paid as a Net Profit Royalty ("NPR"), paid on a quarterly basis and will vary depending on the grade of gold realized from operations as follows:
- if the gold grade is 1.0 ounces per ton or greater, the NPR will be 50%;
 - if the gold grade is between 0.25-0.9999 ounces per ton, the NPR will be 30%; or
 - if the gold grade is less than 0.25 ounces per ton, the NPR will be 10%.

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

- at least US\$200,000 per year commencing in 2020;
- at least US\$4,075,000 must be paid, in aggregate, after five years; and
- at least US\$8,150,000 must be paid, in aggregate, after 10 years.

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

Property Description and Location

The Mary K prospect, Elk City Mining District, Idaho County, Idaho is about 2.4 linear kilometres (1.5 miles) southeast of central Elk City, Idaho and about 33 miles east-southeast of Grangeville, Idaho, the Idaho County seat. The project is located in central Idaho County which is in the south central Idaho panhandle.

The Mary K prospect property and area of mineral lease agreement covers approximately 446 acres. See NI43-101 technical report filed on SEDAR, dated May 19, 2020. The Report on the Property has been prepared for the Company by Richard C. Capps Ph.D., P.Geol., who is the Qualified Person for the Report and is independent of the Company, as those terms are defined in NI 43-101.

Aspen Property

Property Description and Location

The Company is an early exploration-stage company holding a 100% interest in the Aspen property. The Aspen claim block is a 1,292 hectare, early stage, prospective mineral exploration property located on the Nechako Plateau in British Columbia, approximately 162 kilometres west-southwest of Prince George. See NI43-101 technical report filed on SEDAR, dated January 11, 2019. The Report on the Property has been prepared for the Company by Gerald E. Ray Ph.D., P.Geol., who is the Qualified Person for the Report and is independent of the Company, as those terms are defined in NI 43-101.

Exploration

The Company is continuing work on its Aspen property. Follow-up soil sampling in August and September, 2019, shows anomalous results in gold southeast and southwest of the rhyolite dome-like feature that is the centre of the silver and zinc anomalies on the property. The anomalous gold in soils southwest of the dome is spatially associated with an airborne EM survey anomaly that was previously flown over this area. Geophysical IP survey lines are currently being brushed-out in the area of the dome.

Follow-up rock sampling conducted at the Bruin zone on the east side of the property continues to produce values in zinc greater than 1% (over limit), silver up to 8.3 g/t and anomalous gold values. A soil sample grid is being developed over this area. Once completed, samples will be delivered to the lab for analysis, and the results will be reported when the lab reports are received. The results will impact the design of the IP Survey for which a Mines Act permit will be required.

Exploration began in late July 2017 and a property wide reconnaissance stream sediment sampling program was initially conducted. Eighteen pan concentrate samples were collected from stream sediment. This was followed by a soil sampling program over an area found to be prospective during the early 1980's. One hundred and seventy-eight soil samples were collected over a grid on the southern claim.

Geological mapping and the collection of eighty-four rock assays occurred over the entire claim block. Soil samples were collected at 50 metre centres along north-south lines that were spaced 250 metres apart. Soil was taken from the B horizon and 178 samples were collected over an area of about 1.5 by 1.5 kilometres. Rock sampling utilized a similar system as soil sampling. Rocks that contained sulphide minerals or exhibited strong hydrothermal alteration and veining were selectively sampled to determine what material carried mineralization.

Interpretation and Conclusions

Exploration work performed by the Company during 2017 has confirmed the existence of a mineralized area discovered during the early 1980's and has expanded this anomalous area further south. The Property claim block is centred on a large aeromagnetic anomaly around which at least five new mineral occurrence discoveries have recently been made. The possible presence of a highly altered rhyolite dome or laccolith with abundant jasper-quartz veining at the centre of the geochemically anomalous areas suggests the potential for precious-metal-bearing epithermal mineralization. Rock assays from this area returned values up to 29.5 g/t silver and 0.14% zinc. Anomalous values in elements such as silver, mercury, arsenic and antimony suggest the altered rocks lie close to the top of the hydrothermal system.

The Bruin mineralized float recently discovered in the northeast of the claim block shows many differences in its character, chemistry and host rocks from the rhyolite-hosted mineralization further south. Rock assays from this area show elevated gold, up to 0.23 g/t, and zinc that is greater than 1%. The Bruin float comprises highly altered mudstones-siltstones that appear to have been intruded by a bleached, pyritic igneous rock. No significant work has been done in the Bruin area, so the nature and origin of its mineralization are unknown. However, given the bimodal nature of the volcanic succession on the Property, Bruin could represent part of volcanogenic-massive-sulphide (VMS) system. Thus, exploration should continue because the Property has the potential for hosting either epithermal or VMS deposits.

Recommendations

Two phases of exploration are recommended. Expenditures for Phase 1 is estimated to be \$134,000, and Phase 2 is estimated to be \$379,000 (*See NI43-101 filed on SEDAR*).

Bearcat Property

Property Description and Location

Through staking, the Company has acquired the Bearcat mineral property near Nazko, British Columbia.

Exploration

Follow-up anomalous surface boulder sampling was conducted on the property in early September 2019 and a soil sample grid is planned for an area that previously produced a cluster of soil sample results anomalous in silver.

1.4.2 Results of Operations

The expenses relating to the loss and comprehensive loss for the nine months ended March 31, 2020 of \$215,936 and for the comparative nine months ended March 31, 2019 of \$112,627 are as follows:

| <u>For the period ended March 31,</u> | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Accounting and audit fees | \$ 29,327 | \$ 12,250 |
| Foreign exchange gain | (768) | - |
| Legal and corporate services | 85,118 | 62,988 |
| Management services | 33,000 | - |
| Office, rent and administration | 44,275 | 14,405 |
| Pre – exploration expenses | 2,534 | - |
| Shareholder communications | 4,768 | - |
| Transfer agent and filing fees | 17,682 | 22,984 |
| <u>Total loss and comprehensive loss for the period</u> | \$ 215,936 | \$ 112,627 |

During the nine months ended March 31, 2020 the Company's overhead expenses increased over the period ended March 31, 2019, including accounting and audit fees by \$17,077, office, rent and administration by \$27,870, and management services by \$33,000 due to the Company be listed on the CSE and commencing full operations. Legal and corporate services increased by \$22,130 mainly due to the acquisition of MJ Mining and Mary K. Pursuant to this acquisition and the resulting reverse merger, expenses going forward are expected to increase significantly as the Mary K property is developed for production.

1.5 Liquidity and Capital Resources

In management's view, given the nature of the operations, which currently consists of its interest in certain resource properties, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company's financial success will be dependent upon the extent to which it can determine whether its resource properties contain reserves, which are economically recoverable.

Such development may take years to complete and the amount of resulting income, if any, is difficult to determine. The Company does not expect to receive significant income in the foreseeable future.

As at March 31, 2020, the Company had \$1,551,286 in cash, working capital of \$1,565,673 and no long-term debt. The Company's ability to continue as a going concern is dependent upon its existing working

capital and obtaining the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

While the Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the last reporting year, the Company may require additional financing to complete additional exploration on its property and, while the Company has been successful in raising equity financing through the issuances of common shares in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. As such, there remains significant doubt as to the Company's ability to continue as a going concern.

1.6 Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

1.7 Transactions with Related Parties

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

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

During the nine months ended March 31, 2020, the Company incurred operational expenses totalling \$83,550 (March 31, 2019 - \$46,988) from companies controlled by directors and officers of the Company. Included in accounts payable at March 31, 2020 is \$nil (June 30, 2019: \$16,500) owed to an officer and director.

1.8 Critical Accounting Estimates

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for E&E expenditures requires judgement in determining whether it is likely that future economic benefits will follow to the Company, which may be based on estimates and assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the Company's profit or loss in the year the new information becomes available.

b) Title to Mineral Property Interests

Although the Company takes steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Going concern

Management makes an assessment about the Company's ability to continue as a going concern by taking into account the consideration of the various factors discussed in Note 2 of the audited financial statements for the year ended June 30, 2019.

1.9 Changes in Accounting Policies

N/A

1.10 Financial and Other Instruments

As at March 31, 2020, the Company's financial instruments consist of cash and trade and other payables.

The fair value of the Company's cash approximates its carrying value, which is the amount on the statement of financial position, due to the short-term maturities or ability of prompt liquidation.

a) Interest Rate Risk

The Company's cash earns interest at a variable interest rate. Because of the nature of this financial instrument, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2020. Future cash flows from interest income on cash will be affected by interest rate fluctuations. Interest rate risk consists of two components:

- (i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- (ii) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company's exposure to interest rate fluctuations is minimal.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash, the balance of which at March 31, 2020 is \$1,551,286 (June 30, 2019 - \$275,087). As at that date, cash was held at a chartered Canadian financial institution and the Company does not consider the risks to be significant.

c) Liquidity Risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. Additional cash requirements could be met with the issuance of additional share capital; however there is no assurance the Company will be able to raise funds in this manner in the future. As at March 31, 2020, the Company was holding cash of \$1,551,286 (June 30, 2019 - \$275,087) and had trade and other payables of \$40,234 (June 30 2019 - \$34,747). The Company's trade and other payables are due in the short term.

1.11 Disclosure of Outstanding Share Capital as at May 22, 2020:

| | Number | Book Value* |
|---------------|------------|--------------|
| Common Shares | 78,647,050 | \$ 6,144,909 |

* The Book value is the estimated consolidated net book value of the Company's shares after recognition of the Reverse Merger with MJ Mining (the acquiror) subsequent to March 31, 2020, being the estimated net asset value of the Company (the acquiree).

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

| Number of Shares | Exercise Price | Expiry Date |
|------------------|----------------|-----------------|
| 56,000 | \$0.15 | August 28, 2020 |
| 140,000 | \$0.20 | May 2, 2021 |
| 4,045,525 | \$0.40 | March 31, 2022 |
| 212,820 | \$0.40 | March 31, 2022 |
| 250,000 | \$0.40 | April 16, 2022 |
| 70,000 | \$0.40 | April 30, 2022 |
| 4,774,345 | \$0.39 | |

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

| Number of Shares | Exercise Price | Expiry Date |
|------------------|----------------|---------------|
| 555,000 | \$0.20 | June 24, 2024 |
| 555,000 | \$0.20 | |

During the period ended March 31, 2020, 30,000 options were cancelled.

1.12 Approval

The Board of Directors, upon the recommendation of the Audit Committee, has approved the disclosure contained in this MD&A.