

Form 51-102-F1

# **BOND RESOURCES INC.**

(Formerly J. Bond Capital Corporation)

## **MANAGEMENT DISCUSSION & ANALYSIS**

For the nine months ended March 31, 2019

Directors and Officers as at May 23, 2019

Directors:

Robert Eadie  
Gary Arca  
Cynthia Avelino  
Ken Sumanik

Officers:

President & Chief Executive Officer – Robert Eadie  
Chief Financial Officer & Corporate Secretary – Gary Arca

Contact Name: Robert Eadie

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# BOND RESOURCES INC.

(Formerly J. Bond Capital Corporation)

## MANAGEMENT'S DISCUSSION & ANALYSIS

For the nine months ended March 31, 2019

### 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, 2019. 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](http://www.sedar.com)

This MD&A is prepared as of May 23, 2019

*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. The Company commenced operations in August, 2017. On November 16, 2018, the Company changed its name to Bond Resources Inc.

### ***Recent events***

#### **Initial Public Offering**

On May 1, 2019, the Company completed its initial public offering ("IPO") of 1,750,000 common shares at a price of \$0.20 per share, for aggregate gross proceeds of \$350,000. The Company's shares have been approved for listing on the Canadian Securities Exchange (the "CSE"), and the Company's shares commenced trading on the CSE on May 2, 2019 under the trading symbol "BJB".

The net proceeds of the IPO will be used primarily to fund the exploration expenditures on the Company's Aspen property situated in the Nechako Plateau in British Columbia, and for general working capital requirements.

As a result of the closing of the IPO, the Company now has 5,850,000 common shares issued and outstanding, of which 2,802,500 Shares are subject to a three-year escrow restriction to be released as to 10% on May 2, 2019 with an additional 15% released every six months thereafter over a 36-month period. An aggregate of 140,000 agents' options were granted on closing, each entitling the holder to acquire one common share of the Company at \$0.20 for two years to May 2, 2021.

### **1.3 Selected Annual Information**

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

	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	\$	\$	\$
(a) Total revenues	Nil	Nil	Nil
(b) Total expenses	(28,868)	Nil	Nil
(c) Net loss	(28,868)	Nil	Nil
(d) Loss per share – basic and diluted	(0.01)	Nil	Nil
(e) Total assets	195,420	1	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 June 30, 2018 audited financial statements of the Company and notes attached thereto.

## **1.4.1 Property Activity**

### **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 near the geographic centre of 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.Geo., who is the Qualified Person for the Report and is independent of the Company, as those terms are defined in NI 43-101.

#### *Exploration*

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 for the years 2019 and 2020. 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*).

### **1.4.2 Results of Operations**

The expenses relating to the loss and comprehensive loss for the nine months ended March 31, 2019 of \$112,627 and for the comparative nine months ended March 31, 2018 of \$4,329 are as follows:

For the period ended March 31,	2019	2018
Accounting and audit fees	\$ 12,250	\$ -
Legal and corporate services	62,988	3,563
Transfer agent and filing fees	22,984	-
Office, rent and administration	14,405	766
<b>Total loss and comprehensive loss for the period</b>	<b>\$ 112,627</b>	<b>\$ 4,329</b>

During the nine months ended March 31, 2019 the Company incurred ongoing corporate overhead expenses such as rent, accounting, administration and legal and corporate services. In addition, the company incurred additional legal, corporate services, regulatory and audit fees in relation to the IPO and prospectus.

### *Financings, Principal Purposes & Milestones*

During the current period ending March 31, 2019, the Company completed a private placement, for proceeds of \$105,000 through the issuance of 700,000 shares at a price of \$0.15 per share and incurred share issue costs of \$17,665. In addition, 56,000 warrants were issued as agent warrants to Mackie Research Capital Corporation having a fair value of \$4,500. In addition, *See section 1.2 - Recent Events* - for the subsequent IPO financing discussion.

### **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, 2019, the Company had \$54,232 in cash, working capital of \$45,017 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. *See section 1.2 - Recent Events* - for the subsequent IPO financing discussion.

While the Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the 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, 2019 and 2018:

<u>Period ended March 31,</u>	<u>2019</u>	<u>2018</u>
Accounting fees	\$ 4,500	\$ -
Legal and corporate services	33,488	3,563
Office, rent and administration	9,000	-
<b>Total</b>	<b>\$ 46,988</b>	<b>\$ 3,563</b>

During the nine months ended March 31, 2019, the Company incurred operational expenses totalling \$46,988 (March 31, 2018 - \$3,563) from companies controlled by directors and officers of the Company. Included in accounts payable at March 31, 2019 is \$4,725 which is owed to related parties (June 30, 2018: \$nil).

## **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 unaudited financial statements ending March 31, 2019.

**1.9 Changes in Accounting Policies**

N/A

**1.10 Financial and Other Instruments**

As at March 31, 2019, the Company's financial instruments consist of cash.

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, 2019. 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, 2019 is \$54,232 (June 30, 2018 - \$62,486). 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, 2019, the Company was holding cash of \$54,232 (June 30, 2018 - \$62,486) and had trade and other payables of \$45,013 (June 30 2018 - \$21,288). The Company's trade and other payables are due in the short term.

**1.11 Disclosure of Outstanding Share Capital as at May 23, 2019:**

	Number	Book Value
<u>Common Shares</u>	<u>5,850,000</u>	<u>\$ 628,335</u>

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

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
56,000	\$0.15	August 28, 2020
140,000	\$0.20	May 2, 2021
<b>196,000</b>	<b>\$0.19</b>	

**1.12 Approval**

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