

Form 51-102-F1

# **BOND RESOURCES INC.**

(Formerly J. Bond Capital Corporation)

## **MANAGEMENT DISCUSSION & ANALYSIS**

For the six months ended December 31, 2018

Directors and Officers as at February 26, 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 six months ended December 31, 2018

### 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 six months ended December 31, 2018. 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 February 26, 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. It commenced operations in August, 2017. On November 16, 2018, the Company changed its business name to Bond Resources Inc.

### ***Recent events***

#### **Initial Public Offering**

On November 7, 2018, the Company entered into an Engagement Letter with Mackie Research Capital Corporation (the "Agent") for the qualification for distribution and initial public offering ("IPO") of up to 1,750,000 of its common shares on the Canadian Securities Exchange. The Agent will receive, (i) a commission of 8% of the gross proceeds of the Offering, including any Additional Shares; (ii) a corporate finance fee of \$30,000 (\$9,000 paid); (iii) Agent's Options equal to 8% of the number of Shares sold to purchasers under the Offering. Each Agent's Option will entitle the Agent to acquire one common share at \$0.20 per share exercisable at any time for a period of 24 months after the date upon which the common shares of the Company are listed on the CSE.

The Company has granted to the Agent the Over-Allotment Option to offer to sell the Additional Shares, being up to 15% of the number of Shares sold under the Offering. If the Agent exercises the Over-Allotment Option in full, the total Offering price to the public, the Agent's commission and the proceeds available to the Company (before deducting expenses) will be approximately \$402,500, \$32,200 and \$370,300, respectively.

### **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)	(0.00)	(0.00)
(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 a private company with plans to list on the CSE. The Company is an early exploration-stage company holding a 100% interest in one mineral property in British Columbia. To date, equity financings have provided the main source of financing.

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. Excerpts from the NI43-101 are as follows:

###### *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 centers along north-south lines that were spaced 250 metres apart. Soil was taken from the B horizon: 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 six months ended December 31, 2018 of \$57,868 and for the comparative six months ended December 31, 2017 of \$641 are as follows:

For the period ended December 31,	2018	2017
Accounting and audit fees	\$ 3,125	\$ -
Legal and corporate services	38,400	-
Transfer agent and filing fees	6,684	-
Office, rent and administration	9,659	641
<b>Total loss and comprehensive loss for the period</b>	<b>\$ 57,868</b>	<b>\$ 641</b>

During the six months ended December 31, 2018 the Company incurred ongoing corporate overhead expenses such as rent of \$6,000, accounting and audit fees of \$3,000 and legal and corporate services of \$17,100.

### *Financings, Principal Purposes & Milestones*

During the current period ending December 31, 2018, 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 \$25,165. In addition, 56,000 warrants were issued as agent warrants to Mackie Research Capital Corporation having a fair value of \$4,500.

### **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 December 31, 2018, the Company had \$86,882 in cash, working capital of \$93,545 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.

The Company has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting year. As a result, the Company will require additional financing 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 six months ended December 31, 2018 and 2017:

<u>Period ended December 31,</u>	<u>2018</u>	<u>2017</u>
Accounting fees	\$ 3,000	\$ -
Legal and corporate services	17,100	-
Office, rent and administration	6,000	-
<b>Total</b>	<b>\$ 26,100</b>	<b>\$ -</b>

During the six months ended December 31, 2018, the Company incurred operational expenses totalling \$26,100 (December 31, 2017 - \$nil) from companies controlled by directors and officers of the Company. Included in accounts payable at December 31, 2018 is \$1,575 (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 December 31, 2018.

## 1.9 **Changes in Accounting Policies**

N/A

## 1.10 **Financial and Other Instruments**

As at December 31, 2018, 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 December 31, 2018. 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 December 31, 2018 is \$86,882 (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 December 31, 2018, the Company was holding cash of \$86,882 (June 30, 2018 - \$62,486) and had trade and other payables of \$20,018 (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 February 26, 2019:**

	Number	Book Value
<u>Common Shares</u>	<u>4,100,000</u>	<u>\$ 278,335</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>
<u>56,000</u>	<u>\$0.15</u>	<u>August 28, 2020</u>
<b><u>56,000</u></b>	<b><u>\$0.15</u></b>	

**1.12 Approval**

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