



AM Resources Corp.
Management Discussion and Analysis
(PREVIOUSLY NQ EXPLORATION INC.)
For the year ended December 31, 2018

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(Previously NQ Exploration Inc.)
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This management discussion and analysis ("MD&A") of AM Resources Corp (previously NQ Exploration Inc.) ("AMR" or the "Company") complies with Rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure.

The MD&A is a narrative explanation, through the eyes of the management of AMR, of how the Company performed during the year ended December 31, 2018 and of the Company's financial condition and future prospects. This discussion and analysis complement the audited annual financial statements for the year ended December 31, 2018 but does not form part of them. Therefore, this management discussion and analysis should be read in conjunction with the audited annual financial statements as at December 31, 2018 and the related notes.

All figures are in Canadian dollars unless otherwise stated. Additional information on the Company can be found on SEDAR at www.sedar.com.

1.0 DATE

This MD&A has been prepared on the basis of information available as of March 18, 2019.

2.0 FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements that reflect the Company's current expectations regarding future events. To the extent that such statements contain information that is not historical in nature, such statements are essentially forward-looking, and often contain words like "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". Forward-looking statements involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. There are many factors that could cause such differences, including volatility of metal market prices, the impact of changes in foreign exchange or interest rates, imprecision in reserve estimation, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies, the failure to obtain the necessary permits and approvals from government authorities, and other development and operating risks.

While the Company believes that the assumptions inherent in the forward-looking statements are reasonable, readers should not place undue reliance on such statements, which only apply as at the date of this MD&A. The Company disclaims any intention or obligation to update or revise forward-looking statements as a result of new information, future events or otherwise, unless required to do so by applicable securities laws.

3.0 BUSINESS DESCRIPTION AND CONTINUITY OF OPERATIONS

The Company, incorporated under Canada Business Corporation Act, is a mining exploration company with exploration activities conducted in Colombia.

For the year ended December 31, 2018, the Company recorded net loss of \$ 3,705,308 (Net loss of \$ 316,303 as at December 31, 2017). Besides the usual needs for working capital, the Company must obtain funds to be able to meet its existing commitments under the exploration programs and to pay its overhead and administrative costs

Management is periodically seeking to obtain financing through the issuance of equity securities, exercise of outstanding warrants for common shares and options to purchase shares in order to continue operations, and despite the fact it has been successful in the past, there is no guarantee of future success.

If management were unable to secure new funding, the Company may then be unable to continue its operations and the amounts carried as assets may be less than its amounts reflected in these financial statements.

Although management has taken steps to verify the ownership rights in mining properties in which the Company holds an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the title property for the Company. The title may be subject to unregistered prior agreements and may not comply with regulatory requirements.

The Company's financial statements were prepared according to the International financial reporting standards (IFRS) and with the going concern assumption. They do not reflect adjustments that should be made to the book value of assets and liabilities, the reported amounts of income and expenses and the classification of balance sheet if the going concern assumption was unfounded. These adjustments could be important.

4.0 MINING ASSETS AND EXPLORATION EXPENSES

Mina Luz Property: Coal

The Mina Luz property is located to the south-west of the town of Popayan in the department of Cauca, approximately 150 Km south-west of the town of Cali in Colombia. It consists of a mining concession covering 40 hectares. The Company owns 80% of the mining rights.

Government geologist carried out a complete geological reconnaissance program of the Cauca coal belt (some 80 km along the Tertiary age Mosquera sedimentary Formation which host the resource) including channel sampling of outcrops, trenches, pits and the drilling of 6 HQ and NQ drill holes. International standards in place at the time were then applied to evaluate the coal potential of the entire belt.

In the area, 3 different productive levels of the Mosquera middle Formation contain a total of 25 plies (called mantos) ranging in thickness between 0.60 m and 2.68 m. Nine plies are 1.0 m thick or more. It is noted that faulting and folding are quite intense and that the resource is found in a complex structural environment.

The quality of the coal in the area ranges from Bituminous High Volatile C and B to Subbituminous B (medium quality). This type of coal is mostly used to generate electricity in Colombia.

The potential for small scale underground or surface mining for medium quality, structurally complex coal is well established in the area. The complexity of the ore however indicates that a fair amount of delineating work is necessary in order to properly define the folded and faulted coal plies.

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4.0 MINING ASSETS AND EXPLORATION EXPENSES (continued)

Rio Negro

The Rio Negro asphaltite property is owned 60% by the Company. The property covers 97.5 hectares.

The Rio Negro asphaltite Project is located approximately 50 km NNW of the Colombian city of Bucaramanga, in the northern portion of the department of Santander, within the municipality of Rio Negro.

Colombia produces various types of hydrocarbons including a variety called asphaltite. Asphaltite was apparently discovered in the region in 1972, probably during a petroleum exploration program (which were numerous in the region). Along with asphaltite and petroleum, coal was also discovered in the region around the Rio Negro title.

The area of the Rio Negro property is well known for its asphaltite occurrences and limited production took place on the property. It is believed that production at La Tigra, neighbour of Rio Negro, reaches 3,000 tonnes per month.

The local miners believe that it would not be very difficult to drive new tunnels into the hill and to cut the main vein at various levels as the latter appeared still strong at the end of the tunnel. Its quality was also apparently very good, meaning very pure (no rock inclusions) and very hard, therefore very brittle (can easily be transformed into a powder).

Mico

The Mico gold property consists of one concession covering an area of 10.4 hectares and situated in the department of Bolivar, Colombia, some 470 km to the north of Bogota. The property is easily accessible from the village of Barranco de Loba which is linked by ferry to El Banco Magdalena, the largest city in the region. The Company can earn a 60% interest over a 12 month period.

The Mico property is located within the Serrania San Lucas, a geological environment well known for its orogenic gold potential. It is host to a vein type gold system within volcanic rocks, close to the Norosi batholith. NNE striking, steeply dipping decimetre size veins and veinlet stockwork have apparently been found in the past. Grades would range from 10 to 30 g/t Au. No modern geological work was performed on the property and the limited geological information was mostly provided by the vendor.

5.0 BUSINESS HIGHLIGHTS

On August 14, 2018, the Company closed a private placements of common shares of \$ 521,121 and issued debenture units of \$ 818,520 (\$ 600,000 USD). The Company issued 3,065,415 shares at an issue price of \$ 0.17 per share and 600 debenture units at an issue price of US\$ 1,000 per debenture unit. Each debentures units is comprised of \$ 1,000 USD principal amount of unsecured debentures of the Company due August 14, 2018 and 250 warrants. Each warrant entitles the holder thereof to purchase a share until the maturity date at a price of \$ 0.30 per share. The debenture bear interest at an annual rate of 15% payable on August 14, 2019. No value were attributed to the 150,000 issued warrants. In connection with financing, the Company has paid a finder fees of \$ 38,350 and issued 281,986 non-transferable compensation warrants entitling the holder to acquire the same number of shares at a price of \$ 0.22 until August 14, 2019.

On April 12, 2018, the Company completed a reverse takeover transaction ("RTO"), pursuant to which the Company has acquired all of the issued and outstanding shares of AM Resources SAS ("AM SAS") by way of a share exchange agreement among the Company, AM SAS and the holders of AM SAS shares.

In connection with the closing, AM SAS become a subsidiary of the Company which had changed its name to AM Resources Corp. and consolidated its common shares on a 50 to 1 one basis pursuant to the completion of the purchase order agreement on December 28, 2017. The Company issued an aggregate of 29,411,765 common shares to the AM SAS securityholders to acquire AM SAS. After giving effect to the completion of the transaction and offering, there are 53,132,883 shares issued and outstanding (on an undiluted basis), with approximately 58% of the shares (on an undiluted basis) held by insiders.

Concurrently to the closing, the Company completed a private placement pursuant to which it issued an aggregate of 10,606,091 shares at \$ 0,17 per shares for gross proceeds of \$ 1,803,035. In connection with concurrent financing, the Company paid finders fees totaling \$ 102,703 and issued 158,244 non-transferable compensation warrants entitling the holder to acquire the same number of shares at a price of \$ 0,22 until April 11, 2019. Concurrently to the closing, \$ 225,000 aggregate principal amount of convertible debentures issued pursuant of the Company RTO bridge financing automatically converted into 1,764,706 shares at a price of \$ 0,1275 per share, and \$ 1,604,696 aggregate principal amount of convertible debentures issued pursuant of the Company securities for debts automatically converted into 9,439,388 shares at a price of \$ 0,17 per share.

In connection with the closing, the Company also agreed to grant, effective as of the date of the TSX venture's final exchange bulletin with respect to the transaction, an aggregate of 1,650,000 stock options to certain directors, officers and consultants of the Company, in accordance with the Company's stock option plan. Each option will be exercisable into one share at \$ 0,17 for a period of five years from the date of grant.

6.0 SELECTED ANNUAL INFORMATION

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	\$	\$	\$
Statements of Financial Position			
Cash	785,965	121,394	136,290
Total assets	4,018,116	1,874,727	1,219,623
Total liabilities	1,383,155	267,631	145,435
Equity	2,634,961	1,607,096	1,074,188
Statements of Financial Position			
Total revenue	2,338,958	1,656,477	47,921
Total operating expenses	3,997,727	368,300	(136,272)
Net loss for the year	(3,705,308)	(316,303)	(136,420)
Basic and diluted loss per share	(0,08)	(0,02)	(0,11)

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7.0 OPERATIONS RESULTS

For the year ended December 31, 2018, the Company recorded a net loss of \$ 3,705,308 compared to a net loss of \$ 316,303 for the year ended December 31, 2017.

	<u>2018</u>	<u>2017</u>	<u>Variation</u>
	\$	\$	\$
Listing fees (a)	2,253,967	-	2,253,967
Management fees (b)	313,188	-	313,188
Consulting and professional fees (c)	487,103	54,804	432,299
Other operation expenses (d)	386,076	100,563	285,513
Share-based payment (e)	329,062	-	329,062

- a) The listing fees amounting to \$ 2,253,967 related to the reverse takeover transaction.
b) The increase of \$ 313,188 management fees is explained by the reorganisation activities.
c) The increase of \$ 432,299 professional and consulting and professional fees is explained by the reorganization activities.
d) The increase of \$ 285,513 in other operation expenses is explained by the reorganization activities.
e) The Company granted 1,950,000 options (\$ nil in 2017) during the year.

8.0 QUARTERLY REVIEW

Summary of quarterly results

	<u>December 31, 2018</u>	<u>September 30, 2018</u>	<u>June 30, 2018</u>	<u>March 31, 2018</u>
Income	466,905	383,962	738,377	749,714
Total loss	(393,803)	(339,560)	(2,949,362)	(22,583)
Basic and diluted net loss per share	(0,00)	(0,00)	(0,08)	(0,00)
	<u>December 31, 2017</u>	<u>September 30, 2017</u>	<u>June 30, 2017</u>	<u>March 31, 2017</u>
Income	929,953	309,875	220,958	195,691
Total loss	(104,539)	(42,206)	(108,342)	(61,216)
Basic and diluted net loss per share	(0,01)	(0,00)	(0,01)	(0,00)

In 2018, the net loss in every quarter was higher than in 2017. The increase is due to higher activities. The year over year increase in the net loss is mainly due to reorganization activities and the related transaction costs.

9.0 FOURTH QUARTER RESULTS

For the three-month period ended December 31, 2018, the Company recorded a net loss of \$ 393,803 compared to a net loss of \$ 104,539 for the three-month period ended December 31, 2017.

	<u>2018</u>	<u>2017</u>	<u>Variation</u>
	\$	\$	\$
Management fees (a)	28,000	-	28,000
Consulting and professional fees (b)	77,781	23,570	54,211
Other operation expenses (c)	253,206	48,256	204,950

- a) The increase of \$ 28,000 management fees is explained by the reorganization activities.
b) The increase of \$ 54,211 professional and consulting and professional fees is explained by the reorganization activities.
c) The increase of \$ 204,950 in other operation expenses is explained by the reorganization activities.

10.0 LIQUIDITY AND FUNDING

On December 31, 2018, the Company had a working capital of \$ 139,492 which includes \$ 785,965 in cash.

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash flows provided by (used in)		
Operating activities before the net change in non-cash working capital items	(1,198,381)	(316,303)
Net change in non-cash working capital items	(638,664)	28,857
Operating activities	(1,837,045)	(287,446)
Investment activities	(591,504)	3,904
Financing activities	3,015,942	340,601
Increase in cash and cash equivalents	587,393	57,059

Operating activities

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10.0 LIQUIDITY AND FUNDING (continued)

For the year ended December 31, 2018, cash outflows from operating activities totaled \$ 1,837,045, while there was \$ 287,446 of cash outflows for the year 2017. The Company spent more in 2018 than in 2017 following the activity increase.

Financing activities

For the year ended December 31, 2018, the cash receipts related to financing activities amounted \$ 3,015,942 and are related to private financing during the year.

11.0 RELATED PARTY TRANSACTIONS

The Company's related parties include affiliated companies, Board of Director members and key management personnel.

Unless otherwise stated, none of the transactions incorporated special term and conditions and no guarantees has been given or received. Outstanding balances are usually settled in cash.

11.1 Transactions with key management personnel

Key management personnel of the Company are members of the board of directors and other management. The key management personnel compensation includes the following:

	<u>2018</u>	<u>2017</u>
	\$	\$
Management fees (a)	181,187	-
Consulting fees b)	<u>206,500</u>	<u>26,659</u>
Total remuneration	<u><u>387,687</u></u>	<u><u>26,359</u></u>

a) The Company paid \$ 48,000 (\$ nil in 2017) in management fees to Kuma Corp., a company controlled by Dominic Voyer, president and chief executive officer and paid \$ 133,187 (\$ nil in 2017) to A&M Resources 2015 LLC, a company controlled by Adriana Rios, chief operating officer and director.

b) The Company paid \$ 58,500 (\$ 27,000 in 2017) in consulting fees to SKTM Financial Corporation Ltd., a company controlled by Martin Nicoletti, Chief financial officer and paid \$ 148,000 to A&M Resources 2015 LLC, a company controlled by Adriana Rios, chief operating officer and director.

During the year, the company also entered paid some related parties for the rent of offices and a vehicle. Those leases totalled \$ 61,824 as at December 31, 2018. The term of all the leases is one year. The Company does not have any engagement as at December 31, 2018.

12 OFF-BALANCE SHEET TRANSACTIONS

There are no off-balance sheet transactions.

13.0 CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET ARRANGEMENTS

There are no contractual and off-balance-sheet arrangements.

14.0 JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

14.1 Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

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14.0 JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

14.2 Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and assumptions in many cases.

When an indication of impairment loss or reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recover from either future exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information becomes available.

If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Share-based payments

To estimate expenses for share-based payments, it is necessary to select an appropriate valuation model and obtain the inputs necessary for the valuation model chosen. The Company estimated the volatility of its own shares and the expected life and the exercise period of options and warrants granted. The model used by the Company is the Black-Scholes.

Provisions and contingent liabilities

The judgment is used to determine whether a past event has created a liability that should be recognized in the consolidated financial statements or whether it should be disclosed as a contingent liability. Quantifying these liabilities involves judgments and estimates. These judgments are based on several factors, such as the nature of the claim or dispute, legal procedures and the potential amount to be paid, legal advice received, previous experience and the probability of the realization of a loss. Many of these factors are sources of estimation uncertainty.

15.0 OUTSTANDING SHARE INFORMATION

	March 18, 2019
	Number
Common shares	56,899,642
Warrants	150,000
Brokers options	440,230
Options	1,800,000
Total common shares fully diluted	<u>59,289,872</u>

16.0 SUBSEQUENT EVENT

On February 5, 2019, the Company acquired a 60% interest in Asphaltite Colombia SAS ("ASF") that holds the Esperanza asphaltite mining property. The Esperanza property consists of a mineral concession that covers an area of 298 hectares in the western portion of the department of Norte de Santander in Colombia. The Company will issue 4,700,000 common shares (\$893,000) and will release ASF from a loan of 145,255,291 Colombian pesos (approximately \$ 60,800).

17.0 BUSINESS RISKS

The company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities are summarized in Note 15. The main types of risks the Company is exposed to are credit risk and liquidity risk.

a) Credit risk

Credit risk is the risk that a party to a financial instrument will default on one of its obligations and thereby cause the other party to incur a financial loss. Cash, other receivables, advances and loans receivable are the Company's principal financial instruments that are potentially subject to credit risk. The credit risk on loans receivable is limited since the contracting party is the private Company holding the Mina Luz property in Colombia. As a result, the Company does not expect the other parties to default. The book values represent the Company's maximum exposure to credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has sufficient financing sources. The Company establishes budgets to ensure it has the necessary funds to fulfill its obligations.

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17.0 BUSINESS RISKS (continued)

When the counterparty has a choice of when an amount is paid, the liability is included on the earliest date in which the payment can be required.

As at December 31, 2018, the working capital is positive of \$ 139,492. In order to continue its operation, the Company will have to find additional fund and despite the fact it has been successful in the past, there is no guarantee for the future. Actually, there remains a significant risk that the Company is unable to find cash if even the management is optimistic to find the necessary cash for the implementation of its strategic plan.

As at December 31, 2018, the Company's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
December 31, 2018				
Debenture	-	895,256	-	-
Long-term debt	-	13,129	48,593	-
Total	-	903,385	48,593	-

c) Interest rate risk

The long term debt and debentures bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

d) Foreign currency risk

The Company is exposed to foreign currency risk arising from the degree of volatility of the exchange rate. The Company is exposed to the foreign currency risk through its bank account, its advances to private companies and its debenture that are initially in US dollars. A variation of 10% in the currency would affect the net loss and equity of \$68,000. The Company does not use derivative financial instruments to reduce its exposure to foreign exchange risk.

Furthermore, an intercompany balance of \$ 1,056,675 between AM Resources SAS and AM Resources Corp exposes AM Resources Corp. to currency fluctuations between the Colombian pesos and the Canadian dollar. A variation of 10% in the currency would affect the net loss and equity of \$ 105,000.

18.0 OUTLOOK

During the year, the Company plans to;

- Improve the efficiency of the operating activities on the Mina Luz property;
- Complete the acquisition and financing of the coal to Biodiesel machine;
- Install a distribution center (scale) near the Rio Negro and Esperanza properties;
- Complete the exploration program on the Mico property.

19.0 INFORMATION COMMUNICATION CONTROLS AND PROCEDURES

In accordance with national instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Corporation will file a Venture Issuer Basic Certificate with respect to the financial information contained in the interim financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certification includes a "Note to Reader" stating that CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

20.0 ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A was prepared as of March 18, 2019. The Company regularly discloses additional information by filing press releases and quarterly financial statements on SEDAR (www.sedar.com). More information about the Company can be also found on SEDAR (www.sedar.com).

(signed) Dominic Voyer

 Dominic Voyer
 President and Chief Executive Officer

(signed) Martin Nicoletti

 Martin Nicoletti, CPA CGA
 Chief Financial Officer