

ANGLO-BOMARC MINES LTD.

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED MARCH 31, 2018
(EXPRESSED IN CANADIAN DOLLARS)

Filed September 6, 2019

ANGLO-BOMARC MINES LTD.
Management Discussion and Analysis
For the year ended March 31, 2018

ANGLO-BOMARC MINES LTD. ("Anglo-Bomarc" or the "Company") was incorporated under the laws of the Province of British Columbia Canada in 1968 and is listed on the TSX Venture Exchange (the "Exchange") under the stock symbol "ANB". The Company's principal office is 701 West Georgia St., Suite 1500, Vancouver, British Columbia, V7Y 1G5, Canada.

The Company is in the business of exploration, development and evaluation of mineral properties, which has not yet determined whether these assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production.

This management discussion and analysis ("MD&A") of the consolidated operating results and financial condition of the Company for the year ended March 31, 2018 should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2018 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is intended to help the reader understand the consolidated financial statements of the Company.

The financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon successful achievement of additional financing, and upon its ability to realize profitable operations. These financial statements do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern.

Readers should use the information contained in this report in conjunction with all other disclosure documents including those filed on SEDAR (www.SEDAR.com).

All dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise. The date of this MD&A is September 6, 2019.

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FORWARD LOOKING INFORMATION

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible"

and similar expressions, or statements that events, conditions or results “will”, “may”, “could” or “should” occur or be achieved. The forward-looking statements may include statements regarding exploration results and budgets, mineral resource estimates, work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company’s forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management’s beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company’s expectations include uncertainties involved in disputes and litigation, fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and economic return; the need for cooperation of government agencies and native groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty in meeting anticipated program milestones; the Company assumes it will become fully compliant with regulatory filing and continued listing requirements, in addition an uncertainty as to timely availability of permits and other government approvals and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company’s policy that all forward-looking statements are based on the Company’s beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as of March 31, 2018 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in “Risks and Uncertainties” below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

OVERVIEW

The Company was incorporated under the Business Corporations Act (British Columbia, Canada) in 1968. The Company is in the process of exploration and evaluation of mineral properties and has not yet determined whether these assets contain ore reserves which are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production from properties or proceeds of disposition.

As at the date of this MD&A, the Company has no sales revenue and has not earned any production revenue nor has it found any proved reserves on either of its properties. During the year ended March 31, 2018, exploration activities were undertaken on its resource properties.

MINERAL PROPERTIES – PERFORMANCE SUMMARY

a) *Boston Bar Property*

On December 30, 2016, the Company acquired, by staking, the “Boston Bar Gold Project”, a mineral property located approximately 200 kilometres to the northeast of Vancouver, B.C., Canada.

The property consists of two placer claims covering approximately 41.66 hectares located in the Boston Bar area of southwestern British Columbia.

On July 20, 2017, the Company acquired nine claims totalling 187 hectares in the Boston Bar Property from a related party for \$200,000.

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On September 12, 2017, claims totalling 83.36 hectares lapsed and, as such, the Company has recorded an impairment of \$30,608.

b) Quesnel Property

On July 20, 2017, the Company acquired two claims totalling 59 hectares for Quesnel Property from a related party for \$30,000. The property is located in British Columbia, Canada.

c) Camborne Gold Project

On May 10, 2015, the Company staked claims in the Camborne Gold Project, a mineral property located in British Columbia, Canada. The project covers 20 claims, which is approximately 410 hectares. The Company has 100% interest in the properties. During the year ended March 31, 2017, the Company allowed the claims to lapse as it does not intend to continue with further exploration of the property, and recorded an impairment charge of \$175,637.

d) Dynasty Gold and Jade Project

During the year ended March 31, 2016, the Company staked a total of 845 hectares located in Cassiar region of the northern interior of British Columbia, Canada.

On July 20, 2018, the claims lapsed, and the Company has recorded an impairment of capitalized costs of \$119,047.

e) ANB Yukon Gold and Diamond Property

In August 2015, the Company acquired, by staking, a gold and diamond project totaling about 70 acres located in Mount Nansen of the northern territory of Yukon, which is a traditional mining area for gold and diamond. The property is 100% owned by ANB Yukon Gold Inc., a wholly subsidiary of the company. On September 9, 2018, the claims lapsed, and the Company has recorded a full impairment of capitalized costs of \$142,596.

f) Hughes Property

On August 25, 2014, the Company received the letter from Cameco Corporation, a Joint Venture Partner, notifying the Company that it was in default of payment and the Company was deemed to have relinquished its 10% equity share of the Hughes Lake joint venture, although no formal relinquishment of its rights to the property were signed or agreed upon by the Company. As such, the Company has recorded a full impairment of capitalized exploration and evaluation assets until this matter can be resolved. The Company has reviewed the Joint-Venture Agreements and notified Cameco Corporation that it has violated the Agreements. The Company has been disputing the invoices with Cameco Corporation, and is currently reviewing the situation and exploring its options.

As of the date of this MD&A, the Company has not earned any production revenue, nor found any proved reserves on either of its properties. The Company is a reporting issuer in British Columbia and Alberta in Canada.

SELECTED ANNUAL FINANCIAL INFORMATION

The Company's audited consolidated financial statements for the years ended March 31, 2018 and 2017 (the "Annual Financial Statements") have been prepared in accordance with International Financial Reporting Standards. The Company's reporting currency is in Canadian dollars, except where stated otherwise. The following selected financial information is taken from the Annual Financial Statements and should be read in conjunction with those statements.

The following table sets out selected consolidated financial information for the last three completed and audited fiscal years:

Statement of Operations and Comprehensive Loss

	Year ended March 31,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues	-	350,000	180,975
Gross margin	-	(84,411)	24,167
Operating expenses	1,405,395	1,554,326	1,257,049
Other income (expense)	3,642	-	(513,407)
Net loss and comprehensive loss	(1,401,753)	(1,638,737)	(1,746,289)
Loss per share, basic and diluted	(0.02)	(0.03)	(0.05)

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Statement of Financial Position

	As at March 31,		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash	998,560	293,367	137,587
Exploration and evaluation assets	316,364	261,266	335,278
Total assets	2,094,973	1,883,255	1,960,698
Total liabilities	379,149	389,620	392,749
Total shareholders' equity	1,715,824	1,493,635	1,567,949

For a discussion of the factors affecting the Company's losses see "Selected Quarterly Financial Data" and "Results of Operations" below. For a discussion of the factors affecting the Statement of Financial Position see "Results of Operations" and "Liquidity and Capital Resources" below.

The Company's accounting policy is to record its exploration and evaluation assets at cost. Exploration and evaluation expenditures relating to resource properties are deferred until either the properties are brought into production, at which time they are amortized on a unit of production basis, or until the properties are sold or abandoned, at which time the deferred costs are written off.

The Company has not paid any dividends on its common shares. At present, the Company has no intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information of the Company for the eight most recently completed quarters.

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	<u>31/3/18</u>	<u>12/31/17</u>	<u>09/30/17</u>	<u>06/30/17</u>	<u>03/31/17</u>	<u>12/31/16</u>	<u>09/30/16</u>	<u>06/30/16</u>
Total revenues	-	-	-	-	350,000	-	-	-
Net loss	(1,058,561)	(50,773)	(49,154)	(243,265)	(799,576)	(771,838)	(20,508)	(46,815)
Loss per share	(0.02)	(0.000)	(0.000)	(0.003)	(0.017)	(0.016)	(0.000)	(0.000)

RESULTS OF OPERATIONS

During the year ended March 31, 2018, the Company recorded \$nil of sales revenues compared to \$350,000 of sales revenues for the year ended March 31, 2017, which included \$200,000 from the sale of jade products and \$150,000 from the sale of gold products. For the year ended March 31, 2018, the Company incurred a net loss of \$1,401,753 compared to a net loss of \$1,638,737 for the year ended March 31, 2017. The decrease in net loss during the fiscal year ended March 31, 2018 is primarily due to a decrease of \$955,481 in share-based compensation expenses due to a decrease in both the number and fair value of options issued in the current period. Additionally, during the year ended March 31, 2017 the Company incurred a negative gross margin of \$84,411 compared to \$nil in the present year. These positive variances have been offset by an impairment expense on capital assets of \$501,900 (2017 - \$nil) and bad debt expense of \$129,000 (2017 - \$nil). During the year ended March 31, 2018, impairment charges to exploration and evaluation assets totalled \$291,851 compared to \$175,637 in the prior year, an increase of \$116,214.

The Company recorded a loss per share of \$0.02 during the year ended March 31, 2018 compared with a loss per share of \$0.03 during the year ended March 31, 2017.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2018, the Company had a cash balance of \$998,560 and total assets of \$2,094,943 compared with a cash balance of \$293,967 and total assets of \$1,883,255 at March 31, 2017. The increase in cash was due to the cash proceeds received from exercise of warrants of \$1,425,000 and stock options during the year. The increase in total

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assets of \$211,718 was due to the cash proceeds received from the exercise of warrants and stock options, offset by the settlement of accounts receivable of \$360,000 and the expense of prepaids of \$101,575. Furthermore, the Company had an increase of \$55,098 from exploration and evaluation assets due to acquisition and exploration of the Boston Bar and Quesnel properties for \$346,949 offset by impairment charges to the ANB Gold and Diamond and Dynasty Gold and Jade properties of \$291,851. During the year ended March 31, 2018 the Company acquired \$518,438 in property and equipment, of which \$501,900 was subsequently impaired. The Company also booked \$106,053 in amortization during the year.

At March 31, 2018, the Company had a working capital of \$670,112 compared with working capital of \$413,505 at March 31, 2017. The increase in working capital was due to the cash proceeds of \$1,425,000 from exercise of the stock purchase warrants less operating costs incurred during the year.

During the year ended March 31, 2018, the Company issued 14,250,000 common shares from the exercise of 14,250,000 stock purchase warrants for proceeds of \$1,425,000. During the year ended March 31, 2017, the Company issued 4,800,000 common shares from the exercise of stock options for proceeds of \$550,000 of which \$140,000 was received prior to March 31, 2016.

Cashflows from Operating Activities

During the year ended March 31, 2018, the Company used cash of \$86,020 for operating activities compared with \$134,798 for operating activities compared during the year ended March 31, 2017. The decrease in cash used for operating activities is due to a decrease in total non-cash expenses from \$1,431,551 in 2017 to \$1,227,746 in 2018. This is due to the decrease in share-based compensation expenses offset by the previously mentioned impairment of note receivable, impairment of exploration and evaluation assets and impairment of property and equipment.

Additionally, during the year ended March 31, 2018 the Company saw cash inflows due to changes in working capital of \$87,987 (2017 - \$70,159). This was due to an increase in accounts receivable of \$3,842 (2017 – increase of \$359,548). During the year, \$360,000 in accounts receivable were settled in exchange for the acquisition of property and equipment. The Company also saw a decrease in prepaids of \$101,575 (2017 – increase of \$1,575) and a \$nil change in inventory (2017 – decrease of \$434,411).

Cashflows from Investing Activities

During the year ended March 31, 2018, the Company used cash of \$634,387 (2017 - \$118,822) in investing activities. This includes the advance of a loan to a shareholder of \$129,000 (2017 - \$nil), cash paid for property and equipment of \$158,438 (2017 - \$17,197), and cash paid for exploration and evaluation assets of \$346,949 (2017 - \$101,625).

Cashflows from Financing Activities

During the year ended March 31, 2018, the Company received cash of \$1,425,000 from financing activities compared with \$410,000 during the year ended March 31, 2017. During fiscal 2018, no stock options were exercised, so the Company received \$nil from the issuance of common shares from the exercise of stock options compared with \$410,000 during the year ended March 31, 2017.

During fiscal 2018, the Company received proceeds of \$1,425,000 from the issuance of common shares from the exercise of share purchase warrants. The Company's operations to date have been primarily financed by sales of its equity securities. The Company continues to seek capital through various means including the issuance of equity and/or debt. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

The current balance of cash on hand and expected cash flows for the next 12 months are not sufficient to fund the Company's ongoing operational needs including planned exploration costs on its properties. Therefore, the Company will require funding through equity or debt financing, entering into joint venture agreements, or a combination thereof. As such, our audited consolidated financial statements for the years ended March 31, 2018 and 2017 include a going concern statement, which was disclosed in Note 1 of the consolidated financial statements.

OUTSTANDING COMMON SHARE DATA

1. Common Shares

The Company has authorized 100,000,000 common shares without par value. At March 31, 2018, the Company had 64,496,505 (2017 - 50,246,505) issued and outstanding common shares.

14,250,000 shares were issued during the twelve months ended March 31, 2018. 4,800,000 shares were issued during the twelve months ended March 31, 2017.

2. Warrants

During the years ended March 31, 2018 and 2017, no common share purchase warrants were issued. On December 15, 2016, TSXV approved the amendment of the outstanding 14,250,000 warrants from exercise price at \$0.20 per share to \$0.10 per share, and expiry date from August 5, 2017 to August 5, 2020. There was a forced exercise provision: If the closing price for the Company's shares is \$0.125 or greater for a period of 10 consecutive trading days, then the warrant holders will have 30 days to exercise their warrants; otherwise the warrants will expire on the 31st day.

On April 25, 2017, the warrant holders exercised 14,250,000 common share purchase warrants at an exercise price at \$0.10 for proceeds of \$1,425,000. As at March 31, 2018, the Company has nil (2017 – 14,250,000) outstanding share purchase warrants.

3. Options

During the year ended March 31, 2018, a total of 1,425,000 stock options were granted at an exercise price at \$0.10 per share for a term of five years. At March 31, 2018, there are 6,449,654 stock options outstanding, of which 4,090,004 are exercisable at \$0.10 per share and 2,359,650 stock options are exercisable at \$0.20 per share.

During the year ended March 31, 2017, a total of 6,764,004 stock options were granted at an exercise price at \$0.10 per share for a term of five years. 4,800,000 options were exercised during the year ended March 31, 2017 for gross proceeds of \$550,000, of which \$140,000 were received as of March 31, 2016. At March 31, 2017, there were 5,024,654 stock options outstanding, of which 2,665,004 are exercisable at \$0.10 per share and 2,359,650 stock options are exercisable at \$0.20 per share.

At September 6, 2019, the Company has 64,496,505 common shares issued and outstanding.

CONTINGENT LIABILITIES

The Company is unaware of any contingent liabilities as of March 31, 2018 and 2017.

INVESTOR RELATIONS

The Company is not currently using an investor relations firm; however, the Company has received management and consulting services from the Directors and Officers of the Company.

TRANSACTIONS WITH RELATED PARTIES

- (a) As at March 31, 2018, the Company was owed \$nil (2017 – \$725) from the Chief Executive Officer of the Company. The amounts owed are unsecured, non-interest bearing, and due on demand.
- (b) As at March 31, 2018, the Company owed \$7,629 (2017 - \$2,600) to a company controlled by the Chief Executive Officer of the Company, which was included in accounts payable and accrued liabilities. The amounts owing are unsecured, non-interest bearing, and due on demand.
- (c) As at March 31, 2018, the Company owed \$1,657 (2017 - \$nil) to a company controlled by the Chief Financial Officer of the Company, which was included in accounts payable and accrued liabilities. The amounts owing are unsecured, non-interest bearing, and due on demand.
- (d) During the year ended March 31, 2018, the Company incurred \$13,000 (2017 - \$23,170) in consulting and management fees, \$12,000 (2017 - \$13,350) in travel and business development expenses, \$20,800 (2017 - \$nil) in office and general administration, \$45,000 (2017 - \$nil) in rent, \$12,000 (2017 - \$15,750) in professional fees, \$12,000 (2017 - \$15,750) in investor relations fees, and \$50,000 (2017 - \$nil) of exploration and evaluation costs to companies controlled by the Chief Executive Officer and Chief Financial Officer of the Company.
- (e) During the year ended March 31, 2018, the Company granted 1,425,000 (2017 – 6,765,004) stock options to officers and directors of the Company with a fair value of \$198,942 (2017 - \$1,154,423).

FINANCIAL INSTRUMENTS

The carrying value of the Company's financial instruments, consisting of cash, amounts receivable, amounts due to and from related parties, and accounts payable and accrued liabilities approximates their fair values due to the limited term of these instruments. Unless otherwise noted, it is management's opinion, the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

OUTLOOK

The Company is seeking viable projects and diversifies various business opportunities in exploration, evaluation and development of mineral properties.

In light of cash outflows from operating activities and recurring operating losses, the ability of the Company to operate as a going concern is uncertain and is dependent on continued financial support from its shareholders, the ability to develop viable business opportunities, and the ability to obtain adequate financing to meet operating requirements and to commence profitable operations.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Exploration for mineral resources involves a high degree of risk, the cost of conducting programs may be substantial and the likelihood of success is difficult to assess.

Beyond exploration risk, management is faced with other possible risks which include the following:

Going Concern

The Company's capability to continue as a going concern is dependent upon its ability to obtain additional debt or equity financing to meet its obligations as they come due. If the Company were unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used.

Management has initiated a strict cost control program to effectively control expenditures. In spite of these cost control measures, it is expected that the current cash position will not be sufficient to fund the Company's needs for the near future. Management is currently reviewing several funding options including equity and debt financing. The Company is seeking joint venture partners to further its mineral property interests.

While the Company has been successful in raising funds in the past, it is uncertain whether it will be able to raise sufficient funds in the future. With additional financing or joint venture agreements, the Company believes that it will have sufficient funds for working capital based on the Company's budgeted expenditures; however there is no assurance that additional funding and/or suitable joint venture agreements will be obtained.

Metal Price Risk

The price of commodities greatly affects the value of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures and the structure of any joint ventures formed.

Financial Market Risk

The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

Title Risk

The Company has investigated its right to explore and exploit its properties and, to the best of its knowledge, has title to properties in which it has a material interest. However, the results of the Company's investigations should not be construed as a guarantee of title.

Environmental Risk

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the country in which the Company operates. Present or future laws and regulations, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploration and the developing, operating and closing of mines. Programs may also be delayed or prohibited in some areas. Although minimal at this time, site restoration costs are a component of exploration expenses.

Fair value Risk

There is no certainty that the properties which the Company has recognized as assets on its statement of financial position will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements. The Company has not completed a feasibility study on any of its properties to determine if it hosts a mineral resource that can be economically developed and profitably mined.

Credit risk

Credit risk arises due to the potential to one party to a financial instrument to fail to discharge its obligations and cause the other party to suffer a loss. Financial instruments that potentially subject the Company to credit risk consist of cash, accounts receivable and refundable deposit. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. The Company holds its cash and refundable deposit invested in a certificate of deposit with financial institutions that are believed to be creditworthy.

Liquidity risk

Financial liquidity represents the Company's ability to fund future operating activities and investments. The Company ensures that there is sufficient capital in order to meet business requirements, after taking into account cash flows from operations and its holdings of cash.

Foreign currency risk

The Company is subject to foreign exchange rate risk as the Company enters into transactions and has assets and liabilities denominated in a currency other than the Company's functional currency, which is the Canadian dollar.

Market risk

The amounts due to related parties do not bear interest and therefore the Company is not subject to interest rate cash flow risk.

The refundable deposit invested in a certificate of deposit exposes the Company to interest rate risk as it bears a fixed-interest rate.

CONFLICTS OF INTERESTS

The Company's directors and officers may serve as directors or officers of, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which Anglo-Bomarc may participate, the directors and officers of Anglo-Bomarc may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, Anglo-Bomarc will follow the provisions of the BCBCA dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of Anglo-Bomarc's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of Anglo-Bomarc are required to act honestly, in good faith, and in the best interest of Anglo-Bomarc.

OFF BALANCE SHEET ARRANGEMENTS

The Company did not enter into any off-balance sheet arrangements during the years ended March 31, 2018 and 2017.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the Financial Statements, is the responsibility of management. In the preparation of the statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the Financial Statements.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

CRITICAL ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, ANB Yukon Gold Inc., Inter-company balances and transactions are eliminated in preparing the consolidated financial statements

Foreign currency translation

Functional and presentation currency

The Company and its subsidiary's functional currency, being the currency of the primary economic environment in which the Company and its subsidiary operates, is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in comprehensive loss.

Critical judgments and sources of estimation uncertainty

The preparation of the Company's consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations in the period when the new information becomes available.

The Company's assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Financial Instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument.

Financial Assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives not designated as a hedging instrument, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized as unrealized gains or losses in comprehensive income (loss). Cash is classified as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Amounts receivable is classified as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with unrealized gain and losses, net of income tax effect, recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial Liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations.

Other financial liabilities - This category includes accounts payables and accrued liabilities and amounts due to related parties, all of which are measured at amortized costs.

Exploration and evaluation assets

The Company capitalizes all costs relating to the acquisition of, exploration for and development of mineral claims and credits all proceeds received against the cost of the related claims. Such costs include, but are not limited to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment, or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to an exploration and evaluation asset is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the properties result in a revised estimate of the recoverable amount, but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in comprehensive income (loss), costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets.

All capitalized exploration and evaluation expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditures are not expected to be recovered, it is charged to the results of operations.

Property option agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until they are paid or received. Option payments are capitalized as costs or recoveries in exploration and evaluation assets when the payments are made or received.

Impairment of non-current assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the comprehensive income (loss) for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income (loss).

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity.

Income taxes

Income taxes expense is comprised of current and deferred income taxes. Current and deferred income taxes are recognized in comprehensive income (loss), except for income taxes relating to items recognized directly in equity or other comprehensive income (loss).

Current income taxes, if any, is the expected amount payable or receivable on the taxable income or loss for the year, calculated in accordance with applicable taxation laws and regulations, using income tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to amounts payable or receivable relating to previous years.

Deferred income taxes are provided using the liability method based on temporary differences arising between the income tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income taxes is determined using income tax rates and income tax laws and regulations that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. If material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in any provision due to passage of time is recognized as accretion expense.

Provision for reclamation obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, or as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against comprehensive income (loss) over the economic life of the related asset, through depreciation, using either the unit-of-production or the straight-line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company is not aware of any existing restoration, rehabilitation and environmental obligations related to any of its current or former properties that may result in material liability to the Company.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

SUBSEQUENT EVENTS

- (a) On April 27, 2018, the Company incorporated 1162087 BC LTD., a wholly-owned subsidiary, for mining exploration and development. The Company has removed some exploration property and assets to the subsidiary.
- (b) On May 28, 2018, the Company incorporated a wholly-owned subsidiary, ANB Cannabis Group Inc. During the year ended March 31, 2019, the Company disposed the subsidiary.

Vancouver, B.C. Canada

Sept. 6, 2019