The Management Discussion and Analysis ("MD&A"), prepared September 28, 2020 should be read in conjunction with the unaudited interim financial statements and notes thereto for the six months ended July 31, 2020 and 2019 of ArcPacific Resources Corp. ("ArcPacific" or the "Company"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "designed", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

DESCRIPTION OF BUSINESS

ArcPacific Resources Corp. ("ArcPacific" or the "Company") was incorporated pursuant to the British Columbia Business Corporations Act on February 1, 2011 as Guiana Shield Goldfields Inc. The Company changed its name to ArcPacific Resources Corp. on December 21, 2016 and completed a share consolidation of the common shares on the basis of two pre-consolidation shares for one post-consolidation share. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol "ACP". The address of the Company's corporate office and its principal place of business is 1001 - 1166 Alberni Street, Vancouver, British Columbia, Canada V6E 3Z3.

The principal business of the Company is the identification, evaluation and acquisition of mineral properties in Canada. On July 31, 2020, the Company owned a 100% interest in the Lucky Mike Mineral Property (the "Property"). The Company has not yet determined whether the Lucky Mike Property may contain a mineral resource that may eventually be economically recoverable. The economic viability of the Property will depend on the establishment of an ore reserve, the confirmation of the Company's interest in the mineral claims and the ability of the Company to obtain the necessary financing to complete its development and place it into commercial production.

On July 17, 2020, the Company entered into an option agreement (the "Option Agreement") to acquire 100% of Blackdome property (the "Property"), located in the Clinton Mining Division approximately 120 kilometres southwest of the City of Williams Lake, British Columbia and the Property is considered to be prospective for gold and silver mineralization. In addition, on July 27, 2020, the Company acquired five additional mineral claims contiguous to the Property and this significantly increased the total Property size covering 3,479 hectares. The Property has been explored since 1980's but has never been drilled. The Company initiated historic data compilation and considers exploration programs include testing the known mineral occurrences through trenching, regional and property scale MT geophysical survey.

On August 10, 2020, the Company acquired the 2,065 Hectare "Silver Lode" claims (the "Claims") by means of staking and has significantly expanded the Company's land position in the historic Nicola mining division, near Merritt in southern British Columbia. The new Claims adjoin the Company's Lucky Mike Project (collectively the "Property") and brings the total land position in this prolific mining district to 8,151 Hectares.

On August 28, 2020, the Company closed a non-brokered private placement (the "Offering") of 12,340,000 units of the Company at $0.05 per unit for gross proceeds of $617,000 pursuant to the news releases dated on July 17, 2020. Each unit consists of one common share of the Company (a "Common Share") and one half of one warrant of the Company with a whole warrant entitling the holder to purchase one Common Share at $0.10 for a period of one year, subject to acceleration in certain events.

As part of the Offering, the Company paid an aggregate cash finder's fee of $21,300 and issued an aggregate of 426,000 share purchase warrants ("Finder's Warrants") to certain finders in connection with the Offering. Each Finder's Warrant entitles the holder to purchase one common share of the Company at a purchase price of $0.06 for a period of one year following closing of the Offering.

All the securities are subject to a four month hold period expiring December 29, 2020. As announced on July 17, 2020, ACP will use the net proceeds for an initial expenditure on the Blackdome project and general working capital.

On September 9, 2020, the Company entered into an assignment agreement with a private company, Tauro Capital Corp. to acquire an undivided 100% interest in and to certain mineral claims located in Ontario commonly referred to as the Rickard Gold property. Tauro Capital previously entered into an option agreement with Recoskie Contracting Ltd and Edward J. Korba (collectively, the "Optionors") dated January 3, 2020 to acquire the property.

EXPLORATION AND EVALUATION ASSETS

Lucky Mike Mineral Project, British Columbia

On July 20, 2011, the Company entered into an Option Agreement (the "Lucky Mike Agreement") with a non-related third party (the "Optionor"). The Lucky Mike Agreement was amended on September 13, 2012 and subsequently amended on November 14, 2013. The Company was granted an exclusive option to acquire a 100% interest in certain mineral claims located in the Nicola Mining Division, British Columbia. The claims consist of 29 contiguous mineral claims comprising 6,085.74 hectares. The option has been exercised by the Company by paying $55,000 in cash, issuing 33,333 common shares valued at $30,000 to the Optionor and incurring $900,000 in exploration work in accordance with the following schedule:

Date	Cash Payment $	Number of Common Shares	Minimum Exploration Expenditures to be Incurred $
Upon execution of the Lucky Mike Agreement (Paid)	10,000	–	–
On or before December 31, 2012 (incurred)	–	–	100,000
On or before September 20, 2014 (paid, issued and incurred)	15,000	16,666	200,000
On or before September 20, 2015 (paid and incurred)	15,000	–	300,000
On or before September 20, 2016 (paid, issued and incurred)	15,000	16,667	300,000
TOTAL	55,000	33,333	900,000

In accordance with the terms of the Lucky Mike Agreement, the Optionor will retain a 2% net smelter returns royalty (the "NSR") in respect of the Property. The Company has the option to purchase the NSR for $1,000,000 at any time during a five-year period commencing from the date of commercial production. Pursuant to the Lucky Mike Amendment Agreement on November 14, 2013, the Company was required to issue to the Optionor 16,666 common shares as follows:

a) On or before the 5th day following receipt by the Optionee of regulatory approval, 8,333 shares (issued); and

b) On or before March 20, 2014, 8,333 shares (issued).

On September 24, 2014, the Company entered into an Agreement (the "Farm Out Agreement") as amended on June 14, 2016 with two Korean-registered companies, namely, Nexgeo Inc. ("Nexgeo") and Korea Resources Corporation ("Kores"), whereby both companies (the "Consortium") would jointly contribute expenditures in the exploration of the Lucky Mike Property thereby earning for the Consortium the right to acquire a 69% interest in the Lucky Mike Project (the "Project") under the following terms:

EXPLORATION AND EVALUATION ASSETS (continued)

a) An aggregate of $500,000 (the "First Exploration Contribution") to fund an initial work program for the Project, which has been approved by the Consortium. The Consortium must pay $250,000 to the Company no later than September 5, 2014 (received) and $100,000 to the Company no later than September 30, 2014 (received). The balance of $150,000 (received) must be paid upon completion of drilling at the Project site pursuant to an initial work program; and

b) An additional $1,104,824 (the "Second Exploration Contribution") (received) to fund at least one work program for the Project approved by the Consortium, which must be undertaken and completed by the Company during the period from January 1, 2015 to December 31, 2015; and

c) An additional $800,000 (the "Third Exploration Contribution") (received) to fund at least one work program for the Project approved by Consortium, which must be undertaken and completed by the Company during the period from January 1, 2016 to December 31, 2016.

Upon completion of the work program under the Third Exploration Contribution, the Company would transfer to the Consortium a 69% interest in the Project.

The Consortium has the right at any time to exercise an Off-Ramp Option during the term of the Farm Out Agreement and/or within thirty (30) days after receiving an official technical report on the most recently completed work program during the period from January 1, 2016 to December 31, 2016, at its own discretion by giving thirty (30) days written notice to the Company, and upon exercise of the Off- Ramp Option, this Farm Out Agreement and all rights and obligations of the parties under the agreement would terminate ("Off-Ramp Option").

If, after making the Third Exploration Contribution, the Consortium exercises the Off-Ramp Option then this Farm Out Agreement and the Consortium would be deemed to have renounced all its rights or interest in the Project and would have no right to acquire any portion of any interest in the Project and would have no further obligations or liabilities to the Company.

Upon the Consortium acquiring 69% interest in the Project, this Farm Out Agreement will terminate and the parties will form a joint venture (the "Joint Venture") for the purpose of carrying out all such acts which are necessary or appropriate, directly or indirectly, to hold the Project, explore the Project for minerals, and if feasible develop a mine thereon, and so long as it is feasible, operate such mine and exploit the minerals extracted from the Project.

On August 4, 2017, the Company executed a deed of release and amendment on the Farm Out Agreement with the Consortium to release Nexgeo from the joint exploration agreement and to transfer its 13% interest in the Lucky Mike Project to the Company in consideration of shares of the Company. On February 22, 2018, the Company acquired Nexgeo's 13% interest in the Lucky Mike Project by issuing 774,583 common shares of the Company with fair value of $34,856. The Company's ownership of the Lucky Mike Property increased from 31% to 44%.

On August 3, 2018, the Company amended the agreement with Kores to extend Kores' right of first refusal with respect to the Lucky Mike Project by a period of one year. Pursuant to the amending agreement, Kores held the right to acquire a 56% interest in the Project until August 3, 2019 but opted not to exercise the right. As a result, the Company has a 100% interest of Lucky Mike property as of July 31, 2020.

On August 10, 2020, the Company acquired the 2,065 Hectare "Silver Lode" claims (the "Claims") by means of staking and has significantly expanded its land position in the historic Nicola mining division, near Merritt in southern British Columbia. The new Claims adjoin the Company's Lucky Mike Project and brings the total land position in this prolific mining district to 8,151 Hectares.

EXPLORATION AND EVALUATION ASSETS (continued)

Total costs incurred on exploration and evaluation assets are summarized as follows:

	$
Acquisition costs:	
Balance, January 31, 2018	73,267
Shares issued for acquisition costs	34,856
Balance, January 31, 2019 and July 31, 2019	108,123
Deferred exploration expenditures:	
Balance, January 31, 2019 and July 31, 2019	(73,267)
Geologist fees, survey and assays	500
Exploration costs	7,997
Claims acquisition	5,062
Balance, July 31, 2020	(59,708)
Total costs July 31, 2020	48,415

Blackdome Mineral Project, British Columbia

On July 17, 2020, the Company entered into an Option Agreement (the "Blackdome Agreement") with a non-related third party (the "Optionor"). Under the terms of the Option Agreement, the Company has the option to acquire a 100% interest in the Property by making the following cash payments and share issuances:

Date	Cash Payment	Number of Common shares	Minimum Exploration Expenditures to be incurred
Within 14 days of the acceptance date of the TSX Venture Exchange ("Acceptance Date") (paid and issued)	$20,000	200,000	
On or before the first anniversary of the Acceptance Date	$30,000		
On or before that date which is 16 months from the Acceptance Date			$50,000
On or before the second anniversary of the Acceptance Date	$40,000	300,000	
On or before the third anniversary of the Acceptance Date	$60,000	300,000	
On or before the fourth anniversary of the Acceptance Date		400,000	$150,000
TOTAL	$150,000	1,200,000	$200,000

EXPLORATION AND EVALUATION ASSETS (continued)

In terms of the Blackdome Agreement, the Company will pay a 1.5% Net Smelter Return royalty (the "NSR") to the Optionor on commencement of commercial production. The Company will have the right, at any time prior to the commencement of commercial production, to purchase 1.0% of the 1.5% NSR for $1,000,000.

On July 27, 2020, the Company acquired five additional mineral claims contiguous to the Property and this significantly increased the total Property size covering 3,479 hectares. The Company initiated historic data compilation and considers exploration programs include testing the known mineral occurrences through trenching, regional and property scale MT geophysical survey.

Rickard Mineral Project, Ontario

On September 9, 2020, the Company entered into an assignment agreement with a private company, Tauro Capital Corp. to acquire an undivided 100% interest in and to certain mineral claims located in Ontario commonly referred to as the Rickard Gold property. Tauro Capital previously entered into an option agreement with Recoskie Contracting Ltd and Edward J. Korba (collectively, the "Optionors") dated January 3rd, 2020 to acquire the property. Please see the following cash payments and share issuances that the Company shall fulfill:

Date	Cash Payment	Number of Common shares	Minimum Exploration Expenditures to be incurred
Within 5 days of receipt of regulatory approval from the TSX Venture Exchange	$42,500	115,000	
On or before the second anniversary of the Effective date of the agreement	$75,000	90,000	$150,000
On or before the third anniversary of the Acceptance Date	$150,000	150,000	$250,000
TOTAL	$267,500	355,000	$400,000

The Optionors have retained a 3% of Net Smelter Returns (the "NSR") with respect to the production of all materials from the property. The Company is entitled to purchase up to 66.67% of the NSR from the Optionors at any time for payment of $2,000,000.

FINANCING

On July 27, 2020, in order to fund an initial expenditure on the projects along with working capital of the Company, the Company intended to raise up to $600,000 by way of a non-brokered private placement (the "Offering") of units, where a unit (a "Unit") consisted of one common share (a "Common Share") of the Company and one half of warrant (a "Warrant") of the Company to purchase one Common Share. The Unit was priced at $0.05 per Unit. Each whole Warrant entitled the holder to purchase one Common Share within one year from the Closing Date (as hereinafter defined) of the Offering at a price of $0.10 per Common Share.

FINANCING (continued)

As part of this non-brokered financing, the Warrants are subject to an acceleration clause. This clause states that if, four months and one day after the Warrants are issued, the closing price of the common shares of the Company, on the principal market on which such shares trade, is equal to, or exceeds, \$0.20 for 10 consecutive trading days (with the 10th such trading date hereafter referred to as the “Eligible Acceleration Date”), the Warrant expiry date shall accelerate to a date 20 calendar days after issuance of a press release by ACP announcing the accelerated Warrant term — provided, no more than five business days following the Eligible Acceleration Date, that the press release is issued; and written notices are sent to all Warrant holders.

The Company closed a non-brokered private placement (the “Offering”) of 12,340,000 units of the Company at \$0.05 per unit for gross proceeds of \$617,000 on August 28, 2020. The Company paid an aggregate cash finder's fee of \$21,300 and issued an aggregate of 426,000 share purchase warrants ("Finder's Warrants") to certain finders in connection with the Offering. Each Finder's Warrant entitles the holder to purchase one common share of the Company at a purchase price of \$0.06 for a period of one year following closing of the Offering.

All the securities are subject to a four month hold period expiring December 29, 2020. As announced on July 17, 2020, ACP will use the net proceeds for an initial expenditure on the Blackdome project and general working capital.

MANAGEMENT CHANGES

On July 10, 2020, the Company appointed Adrian Smith as a director of the Company and Collin Kim, a director of the Company, as the interim CEO.

On August 18, 2020, the Company announced the resignation of Nizar Bharmal from a director and appointed Kosta Tsoutsis as a director. Also, Adrian Smith, a director of the Company, was appointed as the new CEO.

SELECTED ANNUAL INFORMATION

($000's except loss per share)

		July 31, 2020		July 31, 2019		July 31, 2018
Revenue	$	0	$	0	$	0
Net Loss	$	(69)	$	(43)	$	(33)
Basic and Diluted Loss per Share	$	(0.00)	$	(0.00)	$	(0.00)
Total Assets	$	218	$	94	$	79
Long-Term Debt	$	0	$	0	$	0
Dividends	$	0	$	0	$	0

OPERATIONS

During the three months ended July 31, 2020, the Company reported a net loss of $68,640 (2019 – $42,906). Included in the determination of operating loss was $2,000 (2019 – $3,000) on management fees, $15,085 (2019 – $2,661) on professional fees, the increase was due to higher audit fees incurred during the current period, $62,000 (2019 – $26,000) on consulting fees, the increase was due to higher fees charged by the consultants in connection with the search of new business opportunities and the subsidiary of the Company during the current period, $4,862 (2019 – $3,640) on transfer agent and filing fees. $Nil (2019 – $1,500) on rent, the decrease was due to storing the ore in our own site, $669 (2019 – $3,679) on office and miscellaneous, the decrease was due to decreased business activity during the current period and Nil (2019 – $Nil) on investor communications, the decrease was due to slow activities.

SUMMARY OF QUARTERLY RESULTS

($000's except loss per share)

	July 31, 2020	April 30, 2020	January 31, 2020	October 31, 2019
Revenue	0	0	0	0
Net Loss	(69)	(82)	(121)	(69)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.01)

	July 31, 2019	April 30, 2019	January 31, 2019	October 31, 2018
Revenue	0	0	0	0
Net Loss	(43)	(40)	(33)	(99)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)

Fiscal 2021

During the second quarter of fiscal 2021, the Company recorded a loss of $68,640 compared to a loss of $81,960 in the first quarter of fiscal 2021. The change is mainly due to higher professional fees incurred during the second quarter.

During the first quarter of fiscal 2021, the Company recorded a loss of $ 81,960 compared to a loss of $120,505 in the fourth quarter of fiscal 2020. The change is mainly due to lower office and miscellaneous, travel and promotion and no recognition of a loss on debt settlement incurred during the first quarter.

SUMMARY OF QUARTERLY RESULTS (continued)

During the second quarter of fiscal 2020, the Company recorded a loss of $42,906 compared to a loss of $40,394 in the first quarter of fiscal 2020. The change is mainly due to higher consulting fees incurred during the second quarter.

During the first quarter of fiscal 2020, the Company recorded a loss of $ 40,394 compared to a loss of $32,466 in the fourth quarter of fiscal 2019. The change is mainly due to higher professional fees and transfer agent and filing fees incurred during the first quarter.

Fiscal 2020

During the fourth quarter of fiscal 2020, the Company recorded a loss of $120,505 compared to a loss of $69,371 in the third quarter of fiscal 2020. The change is mainly due to higher travel and promotion and consulting fees incurred during the fourth quarter. The company also recognized a loss on debt settlement of $13,400 during the fourth quarter.

During the third quarter of fiscal 2020, the Company recorded a loss of $69,371 compared to a loss of $42,906 in the second quarter of fiscal 2020. The change is mainly due to higher consulting fees, office and miscellaneous and travel and promotion incurred during the third quarter.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at July 31, 2020 was $98,017 compared to $50,461 at July 31, 2019.

Cash used in operating activities during the quarter ended July 31, 2020 totaled $46,554 (2019 – $22,193), which was attributed to the loss during the period of $68,640 (2019 – $ 42,906) and the changes in the non-cash working capital items comprising of a decrease in amounts receivable of $1,286 (2019 – increase of $332) and an increase in accounts payable and accrued liabilities of $23,372 (2019 – increase of $20,381).

Cash used in financing activity during the quarter ended July 31, 2020 totaled $5,062 (2019 - $Nil) which was all due to exploration.

The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favorable.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including President, Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

The remuneration of key management personnel during the six months ended July 31, 2020 and 2019 is summarized below:

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

	2020	2019
Key management compensation		
Management fees	$ 4,000	$ 6,000
Share-based payments (Note 8)	$ 6,554	-

On November 7, 2019, the Company granted 350,000 stock options to certain directors and officers of the Company with a fair value of $6,554. The options are exercisable immediately to purchase one common share of the Company at $0.075 per share, which expires on November 6, 2020.

The following is a summary of balances owning to the CEO and a company with a common director of the Company:

	2020	2019
Amounts included in accounts payable	$ 21,800	$ 28,600

Unless otherwise noted, amounts due to related parties are non-interest bearing, unsecured and due on demand.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair value and classification of financial instruments

The Company's financial instruments include cash, accounts payable and loans payable. Financial instruments are classified into one of the following categories: FVTPL, FVTOCI, or amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	2020 $	2019 $
Cash	FVTPL	98,017	50,461
Accounts payable	Amortized cost	391,645	307,700
Loans payable	Amortized cost	51,500	147,5000

IFRS 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

The fair value of cash is determined based on "Level 1" inputs. The carrying value of accounts payable and loans payable approximates their fair values due to the relatively short periods to maturity.

Financial risk management objectives and policies

The Company's financial instruments include cash, accounts payable and loans payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short- term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash, the Company places the instrument with a high credit quality financial institution.

(iv) Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at July 31, 2020, the Company had cash of $98,017 to settle current liabilities of $466,060 which fall due for payment within 12 months.

COMMITMENTS

The Company is committed to certain cash payments, share issuances and exploration expenditures in connection with the acquisition of its mineral property claims as discussed under the Exploration Project section.

CRITICAL ACCOUNTING POLICIES

Change in accounting policies

IFRS 16 Leases

IFRS 16 supersedes the requirements in IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.

CRITICAL ACCOUNTING POLICIES (continued)

- A lease asset is initially measured at cost, and is then depreciated similarity to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual- value risk.

On adoption of IFRS 16, the Company used the following additional practical expedients:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption not to recognize right-of-use assets and lease liabilities for short-term leases with terms less than 12 months and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line or other systematic basis over the lease term;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Company chose to adopt the modified retrospective approach on transition to IFRS 16 on February 1, 2019. Accordingly, the comparative information presented for the prior period has not been restated and is presented as previously reported under IAS 17 and related interpretations. As at February 1, 2019, all of the Company’s leases are short-term leases with a term of 12 months or less and recorded as operating leases. As such there was no effect of initial application recognized in retained earnings at February 1, 2019.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience, current and future economic conditions and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and may change if new information becomes available. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if the revision affects both the current and future periods.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting estimates

i. the inputs used in accounting for share-based payments; and
ii. the inputs used in determining the recoverable amount of assets that are considered impaired.

Critical accounting judgments

i. the evaluation of the Company's ability to continue as a going concern;
ii. the determination of the categories of financial assets and financial liabilities;
iii. the assessment of indicators of impairment of exploration and evaluation assets and related determination and write-down of the assets, where applicable;
iv. the determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets;
v. the recognition of provisions for decommissioning, restoration, rehabilitation and environmental obligations.

DISCLOSURE OF OUTSTANDING SHARE DATE

Issued

The Company has 20,266,157 shares issued and outstanding as at July 31, 2020 and 32,806,157 at September 29, 2020.

The Company issued 200,000 common shares to the Optionor at a deemed price of $0.06 per share in accordance with the Blackdome Agreement on August 7, 2020.

The Company issued 12,340,000 common shares to the subscribers after the closing of a non-brokered private placement of 12,340,000 units of the Company at $0.05 per unit for gross proceeds of $617,000 on August 28, 2020.

Stock Options

The Company has 400,000 stock options outstanding as at July 31, 2020 and at September 29, 2020 and the options expire on November 6th 2020.

Share Purchase Warrants

The Company had 3,647,400 share purchase warrants outstanding as at July 31, 2020 and at 10,243,000 at September 29, 2020.

Escrow Shares

The Company has Nil shares held in escrow as at July 31, 2020 and at September 29, 2020.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, the requirement and ability to raise additional capital through future financings.

Title Risks

Although the Company has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests, and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate.

Exploration and Development

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenses are required to establish reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Company.

Environmental Regulations, Permits and Licenses

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry

a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. We intend to comply fully with all environmental regulations.

RISKS AND UNCERTAINTIES (Continued)

Environmental Regulations, Permits and Licenses (Continued)

The current or future operations of the Company, including development activities and commencement of production on our properties, require permits from various federal, state or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require that we obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for the operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial and technical resources. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Dependence on Key Personnel

The success of the Company is currently largely dependent on the performance of the directors and officers. There is no assurance that the Company will be able to maintain the services of the directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and the prospects.

Future Financings

The Company's continued operation will be dependent upon the ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's consolidated financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The consolidated financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the consolidated financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the consolidated financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.