ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis
For the year ended January 31, 2020

The Management Discussion and Analysis ("MD&A"), prepared May 31, 2020 should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended January 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. At January 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 November 18, 2019, the Company intended to expand its resource business to include the potential participation in a key new liquefied natural gas ("LNG") project development in North America and entered into an agreement to acquire a privately held BC corporation, which is a party to a non-binding Letter of Intent to participate for an up to 80% interest in a proposed new Western North American LNG export project. The Letter of Intent was expired on December 15th, 2019 and the Company has decided to hold off due to Covid19 pandemic and economic uncertainties. The Company will consider proceeding the LNG business when the market improves.

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:

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;

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 now holds the right to acquire a 56% interest in the Project until August 3, 2019. During the year ended January 31, 2020, Kores opted not to exercise the right. As a result, the Company's ownership of Lucky Mike property has increased to 100%.

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 2020	108,123
Deferred exploration expenditures:	
Balance, January 31, 2019	(73,267)
Geologist fees, survey and assays	500
Exploration costs	7,997
Balance, January 31, 2020	(64,770)
Total costs, January 31, 2019	34,856
Total costs, January 31, 2020	43,353

PROPOSED LNG BUSINESS PROJECT

Liquefied Natural Gas Project, North America

On November 18, 2019, the Company entered into a Share Purchase Agreement (the "Agreement") with LNGCo. Pursuant to the terms of the Agreement, the Company acquired all of the issued and outstanding shares of LNGCo for a nominal amount of $1. The transaction did not constitute a business combination since LNGCo did not meet the definition of a business under IFRS 3, Business Combinations. Upon the completion of the acquisition, LNGCo had no assets.

LNGCo is a party to a non-binding Letter of Intent to participate for an up to 80% interest in a proposed new Western North American LNG export project. The project has a proposed initial capacity of 4 million metric tons per annum (MTPA), with the potential to expand to 8 million MTPA, and will utilize existing infrastructure to access cheap, reliable natural gas from Canada as the feedstock for the LNG. At an initial 4 million MTPA, the LNG project will utilize feedstock of about 600 million cubic feet of natural gas per day (about 100,000 barrels of oil equivalent per day). In addition to access to infrastructure for the delivery of the natural gas as the feedstock, the new LNG project has key export access, for delivery of the LNG produced to buyers in Asia. The Letter of Intent was expired on December 15th, 2019 and the Company has decided to hold off due to Covid19 pandemic and economic uncertainties. The Company will consider proceeding the LNG business when the market improves.

MANAGEMENT CHANGES

On December 2, 2019, the Company appointed Mike Heier as a director of the Company.

On January 20, 2020, the Company appointed Peter D. Robertson as a director of the Company.

SELECTED ANNUAL INFORMATION
($000's except loss per share)

		January 31, 2020		January 31, 2019		January 31, 2018
Revenue	$	0	$	0	$	0
Net Loss	$	(273)	$	(198)	$	(163)
Basic and Diluted Loss per Share	$	(0.03)	$	(0.02)	$	(0.02)
Total Assets	$	359	$	89	$	41
Long-Term Debt	$	0	$	0	$	0
Dividends	$	0	$	0	$	0

OPERATIONS

Three months ended January 31, 2020
During the three months ended January 31, 2020, the Company reported a net loss of $120,505 (2019 – $32,466). Included in the determination of operating loss was $3,000 (2019 – $3,000) on management fees, $8,853 (2019 – $3,148) on professional fees, the increase was due to higher accounting fees incurred during the current period, $50,100 (2019 – $21,000) on consulting fees, the increase was due to higher fees charged by the consultants in connection with the newly incorporated subsidiary of the Company during the current period, $9,642 (2019 – $1,775) on transfer agent and filing fees, the increase was due to increased activity and regulatory periodic filing fees incurred during the current period, $250 (2019 – $1,500) on rent, the decrease was due to lower rent expenses paid during the current period, $9,362 (2019 – $Nil) on share-based payments, the increase was due to no stock options granted during the same period of the previous year, $15,605 (2019 – $5,092) on travel and promotion, the increase was due to more promotional activity taken during the current period, $10,224 (2019 – $3,851) on office and miscellaneous, the increase was due to increased business activity during the current period and $69 (2019 – $Nil) on investor communications, the increase was due to no fees incurred during the same period of the previous year. The Company also recognized a loss on debt settlement of $13,400 (2019 – gain of $6,900).

Year ended January 31, 2020
During the year ended January 31, 2020, the Company reported a net loss of $273,176 (2019 – $198,269). Included in the determination of operating loss was $12,000 (2019 – $12,000) on management fees, $23,014 (2019 – $22,594) on professional fees, the increase was due to higher accounting fees incurred during the current year, $134,100 (2019 – $112,000) on consulting fees, the increase was due to higher fees charged by the consultants in connection with the newly incorporated subsidiary of the Company during the current year, $20,403 (2019 – $21,827) on transfer agent and filing fees, the decrease was due to decreased activity and regulatory periodic filing fees incurred during the current year, $4,750 (2019 – $6,620) on rent, the decrease was due to lower rent expenses paid during the current year, $9,362 (2019 – $Nil) on share-based payments, the increase was due to no stock options granted during the previous year, $26,508 (2019 – $18,056) on travel and promotion, the increase was due to more promotional activity taken during the current year, $28,970 (2019 – $12,105) on office and miscellaneous, the increase was due to increased business activity during the current year, $723 (2019 – $Nil) on investor communications, the increase was due to no fees incurred during the previous year and $54 (2019 – $33) on interest income. The Company also recognized a loss on debt settlement of $13,400 (2019 – gain of $6,900).

SUMMARY OF QUARTERLY RESULTS
($000's except loss per share)

	January 31, 2020 $	October 31, 2019 $	July 31, 2019 $	April 30, 2019 $
Revenue	0	0	0	0
Net loss	(121)	(69)	(43)	(40)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.00)

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

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.

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 2019

During the fourth quarter of fiscal 2019, the Company recorded a loss of $32,466 compared to a loss of $99,138 in the third quarter of fiscal 2019. The change is mainly due to lower consulting fees incurred during the fourth quarter.

During the third quarter of fiscal 2019, the Company recorded a loss of $99,138 compared to a loss of $33,393 in the second quarter of fiscal 2019. The change is mainly due to higher consulting fees as a result of increase in fees incurred during the third quarter.

During the second quarter of fiscal 2019, the Company recorded a loss of $33,393 compared to a loss of $33,272 in the first quarter of fiscal 2019. The change is mainly due to higher rent offset by decreased in

professional fees and transfer agent and filing fees incurred during the second quarter.

During the first quarter of fiscal 2019, the Company recorded a loss of $33,272 compared to a loss of $46,178 in the fourth quarter of fiscal 2018. The change is mainly due to lower consulting fees incurred during the first quarter.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at January 31, 2020 was $239,383 compared to $51,310 at January 31, 2019.

Cash used in operating activities during the year ended January 31, 2020 totaled $142,262 (2019 – $101,867), which was attributed to the loss during the year of $273,176 (2019 – $198,269), loss on debt settlement of $13,400 (2019 – gain of $6,900), share-based payments of $9,362 (2019 – $Nil) and the changes in the non-cash working capital items comprising of an increase in amounts receivable of $8,152 (2019 – decrease of $111), an increase in accounts payable and accrued liabilities of $181,304 (2019 – $83,391) and an increase in prepaid expenses and deposits of $65,000 (2019 – $6,000).

Cash generated from financing activities during the year ended January 31, 2020 totaled $338,831 (2019 – $121,515). Cash generated from financing activities during the current year and during the previous year were all due to advances from loan payable and proceeds from private placements.

Cash used in investing activity during the year ended January 31, 2020 totaled $8,497 (2019 – $Nil) which was mainly attributed to exploration and evaluation assets capitalized during the year.

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 years ended January 31, 2020 and 2019 is summarized below:

	2020 $	2019 $
Key management compensation		
Management fees	12,000	12,000
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.

On January 16, 2020, the Company issued 376,000 common shares with a fair value of $28,200 to settle $18,800 of payables owing to the CEO of the Company. A loss on debt settlement of $9,400 was recognized in the consolidated statement of loss and comprehensive loss.

On January 16, 2020, the Company issued 200,000 common shares with a fair value of $15,000 to settle $10,000 of payables owing to a company related to a director of the Company. As the transaction involves a creditor that is also a shareholder of the Company acting in the capacity thereof, the resulting difference of $5,000 is recognized in the statements of changes in shareholders' deficiency.

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	19,800	28,600

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

FINANCIAL INSRUMENTS 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	239,383	51,310
Accounts payable	Amortized cost	340,835	256,330
Loans payable	Amortized cost	91,500	111,000

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).

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 January 31, 2020, the Company had cash of $239,383 to settle current liabilities of $432,335 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.

SUBSEQUENT EVENT

On March 11, 2020, various authorities declared a pandemic related to COVID 19 resulting in restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. These restrictions are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates.

The pandemic could cause delays in the Lucky Mike Mineral Property exploration and LNG projects and continue to have a negative impact on the stock markets, affecting trading prices of the Company's shares and its ability to raise new capital. The Company believes that these potential delays are temporary and it expects to resume its pursuits as restrictions are alleviated. The duration and effects of the restrictions are not currently determinable and no provision has been made in these financial statements for any effects that the Company may experience if the restrictions are other than temporary.

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 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 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.
- 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

SIGNICIANT 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 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 20,266,154 shares issued and outstanding as at January 31, 2020 and at May 31, 2020.

During the year ended January 31, 2020:

On December 30, 2019, the Company closed the first tranche of its non-brokered private placement of 2,600,000 units of the Company at $0.05 per unit for gross proceeds of $130,000. 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 two years. In connection with the above private placement, the Company issued 182,000 finders' warrants as finders' fees. Each finders' warrant is exercisable at $0.10 per share for two years.

On January 16, 2020, the Company issued 536,000 common shares with a fair value of $40,200 for settlement of $26,800 in debt with creditors that are not the Company's shareholders, of which 376,000 common shares were issued to the CEO of the Company.

On January 16, 2020, the Company issued 2,600,000 common shares with a fair value of $195,000 for settlement of $130,000 in debt with certain Company shareholders, of which 200,000 common shares were issued to a company related to a director of the Company.

On January 24, 2020, the Company closed the second and final tranche of its non-brokered private placement of 4,160,000 units of the Company at $0.05 per unit for gross proceeds of $208,000. Each unit consists of one Common 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 two years, subject to acceleration in certain events. In connection with the above private placement, the Company issued 85,400 finders' warrants as finders' fees. Each finders' warrant is exercisable at $0.10 per share for two years.

Stock Options

The Company has 500,000 stock options outstanding as at January 31, 2020 and at May 31, 2020.

On November 7, 2019, the Company granted 500,000 stock options to certain directors, officers and consultants of the Company. The options are exercisable immediately to purchase one common share of the Company at $0.075 per share, and expire on November 6, 2020.

Share Purchase Warrants

The Company had 3,647,400 share purchase warrants outstanding as at January 31, 2020 and at May 31, 2020.

Escrow Shares

The Company has Nil shares held in escrow as at January 31, 2020 and at May 31, 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.

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.