

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis

For the year ended January 31, 2019

The Management Discussion and Analysis (“MD&A”), prepared May 31, 2019 should be read in conjunction with the audited financial statements and notes thereto for the years ended January 31, 2019 and 2018, of ArcPacifc Resources Corp. (“ArcPacifc” 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

ArcPacifc Resources Corp. (“ArcPacifc” 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 ArcPacifc 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, 2019, 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.

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis

For the year ended January 31, 2019

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”) 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:

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis

For the year ended January 31, 2019

- 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 shall 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 will be deemed to have renounced all its rights or interest in the Project and will have no right to acquire any portion of any interest in the Project and will 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 \$42,602. 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.

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis For the year ended January 31, 2019

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

	\$
Acquisition costs:	
Balance, January 31, 2017 and 2018	73,267
Shares issued for acquisition costs	34,856
Balance, January 31, 2019	108,123
Deferred exploration expenditures:	
Balance, January 31, 2018 and 2019	(73,267)
Total costs, January 31, 2018	-
Total costs, January 31, 2019	34,856

SELECTED ANNUAL INFORMATION

(\$000's except loss per share)

	January 31, 2019	January 31, 2018	January 31, 2017
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (198)	\$ (163)	\$ (38)
Basic and Diluted Loss Per Share	\$ (0.02)	\$ (0.02)	\$ (0.01)
Total Assets	\$ 89	\$ 41	\$ 119
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

OPERATIONS

Three months ended January 31, 2019

During the three months ended January 31, 2019, the Company reported a net loss of \$32,466 (2018 – \$46,178). Included in the determination of operating loss was \$3,000 (2018 – \$3,000) on management fees, \$3,148 (2018 – \$2,500) on professional fees, the increase was due to higher legal fees incurred during the current period, \$21,000 (2018 – \$32,915) on consulting fees, the decrease was due to lower fees charged by the consultants during the current period, \$1,775 (2018 – \$3,264) on transfer agent and filing fees, the decrease was due to decreased activity and regulatory periodic filing fees incurred during the current period, \$1,500 (2018 – \$1,500) on rent, \$5,092 (2018 – \$24) on travel and promotion, the increase was due to higher travel expenses incurred during the current period, \$3,851 (2018 – \$2,975) on office and miscellaneous, the increase was due to increased business activity during the current period, and \$6,900 (2018 – nil) on a gain on debt settlement.

Year ended January 31, 2019

During the year ended January 31, 2019, the Company reported a net loss of \$198,269 (2018 – \$162,916). Included in the determination of operating loss was \$6,620 (2018 – \$6,000) on rent, \$12,000 (2018 – \$17,000) on management fees, the decrease was due to lower management fees incurred during the current year, \$22,594 (2018 – \$15,334) on professional fees, the increase was due to higher legal fees incurred during the current year, \$112,000 (2018 – \$93,415) on consulting fees, the increase was due to higher fees charged by the consultants during the current year, \$21,827 (2018 – \$15,626) on

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis

For the year ended January 31, 2019

transfer agent and filing fees, the increase was due to increased activity and regulatory periodic filing fees incurred during the current year, \$18,056 (2018 – \$621) on travel and promotion, the increase was due to higher travel expenses incurred during the current year, and \$12,105 (2018 – \$15,019) on office and miscellaneous, the decrease was due to decreased business activity during the current year, and a gain on settlement of \$6,900 (2018 – \$nil).

SUMMARY OF QUARTERLY RESULTS

(\$000's except loss per share)

	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)

	January 31, 2018 \$	October 31, 2017 \$	July 31, 2017 \$	April 30, 2017 \$
Revenue	0	0	0	0
Net loss	(46)	(21)	(74)	(22)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.00)

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.

Fiscal 2018

During the fourth quarter of fiscal 2018, the Company recorded a loss of \$46,178 compared to a loss of \$21,536 in the third quarter of fiscal 2018. The change is mainly due to higher consulting fees incurred during the fourth quarter of 2018.

During the third quarter of fiscal 2018, the Company recorded a loss of \$21,536 compared to \$73,615 in

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis

For the year ended January 31, 2019

the second quarter of fiscal 2018. The change is mainly due to lower consulting fees and professional fees incurred during the third quarter.

During the second quarter of fiscal 2018, the Company recorded a loss of \$73,615 compared to a loss of \$21,587 in the first quarter of fiscal 2018. The change is mainly due to higher consulting fees, management fees and professional fees incurred during the second quarter.

During the first quarter of fiscal 2018, the Company recorded a loss of \$21,587 compared to a loss of \$44,516 in the fourth quarter of fiscal 2017. The change is mainly due to no management fees, travel and promotion and share-based compensation incurred during the first quarter.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at January 31, 2019 was \$51,310 compared to \$31,662 at January 31, 2018.

Cash used in operating activities during the year ended January 31, 2019 totaled \$101,867 (2018 – \$123,268), which was attributed to the loss during the year of \$198,269 (2018 – \$162,916) and the changes in the non-cash working capital items comprising of a decrease in amounts receivable of \$111 (2018 – \$133), an increase in accounts payable of \$83,391 (2018 – \$45,515) and a decrease in prepaid expenses and deposits of \$6,000 (2018 – increase of \$6,000).

Cash generated from financing activities during the year ended January 31, 2019 totaled \$121,515 (2018 – \$40,000). Cash generated from financing activities during the current year were due to net proceeds from shares issued for cash and advances from loan payable. Cash generated from financing activities during the previous year was due to advances from loan payable.

There were no investing activities during the years ended January 31, 2019 and 2018.

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

The following is a summary of balances and transactions with the Chief Executive Officer (“CEO”) and a company with a common director of the Company:

	2019	2018
	\$	\$
Amounts included in accounts payable	28,600	16,600

In addition to the amount above, the Company had an account payable of \$nil (2018 – \$6,900) due to a company controlled by a former director of the Company.

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis

For the year ended January 31, 2019

The amounts due to directors or to companies they control are non-interest bearing, unsecured and due on demand.

The following is a summary of transactions with an officer of the Company:

	2019	2018
	\$	\$
Management fees	12,000	17,000

Key management includes directors and key officers of the Company, including President, Chief Executive Officer and Chief Financial Officer. The remuneration of key management personnel during the years ended January 31, 2019 and 2018 is summarized below:

	2019	2018
	\$	\$
<u>Key management compensation</u>		
Management fees	12,000	17,000

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

No subsequent event.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New Accounting Standards and Amendments Issued but Not Yet Effective

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

The following standard will be adopted by the Company effective February 1, 2019:

IFRS 16 'Leases' - IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

CRITICAL ACCOUNTING POLICIES

Change in accounting policies

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis

For the year ended January 31, 2019

Financial instruments

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* (“IFRS 9”) as of February 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date. The main area of change is the accounting for equity securities previously classified as fair value through profit and loss.

The following is the Company’s new accounting policy for financial instruments under IFRS 9.

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at February 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	FVTPL	FVTPL
Accounts payable	Other financial liabilities	Amortized cost
Loan payable	Other financial liabilities	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders’ equity at the beginning of the 2019 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on February 1, 2018.

(ii) Measurement

Financial assets at FVTOCI

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis

For the year ended January 31, 2019

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of net income (loss). Realized and unrealized gains or losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net income (loss) in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net income (loss).

Revenue from Contracts with Customers

The Company adopted all of the requirements of IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”) as of February 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis

For the year ended January 31, 2019

goods and services. As the Company has no revenue, no impact on the Company's financial statements has resulted.

Share-based Payments

The Company adopted all of the requirements of IFRS 2 *Share-based Payments* ("IFRS 2") as of February 1, 2018. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The adoption of this standard has no material impact on the Company's financial statements.

SHARE CAPITAL

Issued

The Company has 10,370,154 shares issued and outstanding as at January 31, 2019 and May 31, 2019.

Stock Options

The Company has Nil stock options outstanding at January 31, 2019 and at May 31, 2019.

Share Purchase Warrants

The Company had Nil share purchase warrants outstanding at January 31, 2019 and at May 31, 2019.

Escrow Shares

The Company has Nil shares held in escrow as at January 31, 2019 and at May 31, 2019.

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

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis

For the year ended January 31, 2019

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

ARCPACIFIC RESOURCES CORP.

Management Discussion and Analysis

For the year ended January 31, 2019

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 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 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 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 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.