

ARCPACIFIC RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

ARCPACIFIC RESOURCES CORP.
CONSOLIDATED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT OCTOBER 31, 2020 AND JANUARY 31, 2020
(EXPRESSED IN CANADIAN DOLLARS)

	October 31, 2020 (unaudited)	January 31, 2020 (audited)
ASSETS		
Current		
Cash	\$ 553,072	\$ 239,383
Amounts receivable	6,312	9,021
Prepaid expenses and deposits	21,500	67,500
	580,884	315,904
Exploration and evaluation assets (Note 4)	269,652	43,353
Total assets	\$ 850,536	\$ 359,257
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 454,522	\$ 340,835
Loan payable (Note 6)	51,500	91,500
Total liabilities	506,022	432,335
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 7)	4,361,039	3,654,955
Contributed surplus (Note 7)	699,486	678,095
Deficit	(4,716,011)	(4,406,128)
Total shareholders' equity (deficiency)	344,514	(73,078)
Total liabilities and shareholders' equity (deficiency)	\$ 850,536	\$ 359,257

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

Authorized for issuance on behalf of the Board on December 23, 2020:

/s/ "Adrian Smith" Director

/s/ "Sang Goo Collin Kim" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ARCPACIFIC RESOURCES CORP.
CONSOLIDATED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

	Three months ended,		Nine months ended,	
	October 31, 2020	October 31, 2019	October 31, 2020	October 31, 2019
Expenses				
Consulting fees	\$ 41,000	\$ 40,000	\$ 170,000	\$ 84,000
Interest expense	1,147	-	1,147	-
Investor communications	48,750	654	48,750	654
Management fees (Note 5)	4,000	3,000	8,000	9,000
Office and miscellaneous	9,197	12,592	13,221	18,746
Professional fees	43,635	2,500	61,220	14,161
Rent	-	1,500	-	4,500
Transfer agent and filing fees	9,564	702	20,521	10,761
Travel and promotion	1,990	8,423	-	10,903
Loss before other item	(159,283)	(69,371)	(322,859)	(152,725)
Other items				
Interest income	-	-	60	54
Gain on debt settlement	-	-	12,916	-
Net loss and comprehensive loss	\$ (159,283)	\$ (69,371)	\$ (309,883)	\$ (152,671)
Loss per share (basic and diluted)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	29,785,101	10,370,154	23,439,138	10,370,154

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ARCPACIFIC RESOURCES CORP.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

	Number of Shares	Amount	Contributed Surplus	Deficit	Total
		\$	\$	\$	\$
Balance, January 31, 2019	10,370,157	3,221,795	633,362	(4,132,952)	(277,795)
Comprehensive loss	-	-	-	(152,671)	(152,671)
Balance, October 31, 2019	10,370,157	3,221,795	633,362	(4,285,623)	(430,466)
Balance, January 31, 2020	20,266,157	3,654,955	678,095	(4,406,128)	(73,078)
Private placement	12,340,000	617,000	-	-	617,000
Finder's warrants	-	(21,391)	21,391	-	-
Finder's cash	-	(21,300)	-	-	(21,300)
Shares issued for exploration and evaluation assets	1,565,000	131,775	-	-	131,775
Net Comprehensive loss for the period	-	-	-	(309,884)	(309,884)
Balance, October 31, 2020	34,171,157	4,361,039	699,486	(4,716,012)	344,513

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ARCPACIFIC RESOURCES CORP.
CONSOLIDATED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

Nine month period ended,	October 31, 2020	October 31, 2019
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss for the period	\$ (309,884)	\$ (152,671)
Items not involving cash		
Gain on settlement of accounts payables	(12,916)	-
Changes in non-cash working capital items		
Amounts receivable	2,709	(49)
Prepaid expenses	46,000	(5,000)
Trade payables and accrued liabilities	126,603	116,177
Net cash used in operating activities	(147,488)	(41,543)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Investment in property and equipment, net of cash	(94,524)	-
Net cash used in investing activities	(94,524)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from loan payable	(40,000)	36,500
Private placement, net of share issuance cost	595,700	-
Net cash provided by financing activities	555,700	470,000
Change in cash	313,688	(5,043)
Cash, beginning of the period	239,383	51,310
Cash, end of the period	\$ 553,071	\$ 46,267

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

ARCPACIFIC RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

1. NATURE AND CONTINUANCE OF OPERATIONS

ArcPacific Resources Corp. (the "Company") was incorporated pursuant to the British Columbia Business Corporations Act on February 1, 2011. The Company changed its name to ArcPacific Resources Corp. on December 21, 2016. 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 October 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.

These consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. The Company has incurred losses since its inception and had an accumulated deficit of \$4,716,012 (January 31, 2020 - \$4,406,128) and working capital of \$74,860 at October 31, 2020 (January 31, 2020 - deficiency of \$116,431). The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors and generating profitable operations in the future. These factors give rise to a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. These condensed interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

2. BASIS OF PREPARATION

a) Statement of compliance

The condensed interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended January 31, 2020.

The consolidated interim financial statements were authorized for issue by the Board of Directors on December 23, 2020.

b) Functional currency

The functional and presentation currency of the Company is the Canadian dollar.

ARCPACIFIC RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

3. BASIS OF PREPARATION (continued)

c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, US West LNG Corp., a Company incorporated in British Columbia. All inter-company balances and transactions have been eliminated upon consolidation.

d) Measurement basis

The consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3(l). In addition, these consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting estimates and judgments

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended January 31, 2020.

The preparation of condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Estimate 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.

ARCPACIFIC RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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; and
- v. the recognition of provisions for decommissioning, restoration, rehabilitation and environmental obligations.

4. EXPLORATION AND EVALUATION ASSETS

Summary of exploration and evaluation assets for the nine months ended October 31, 2020:

	Lucky Mike	Rickard Gold	Rickard Adjacent	Blackdome Property	Total
Acquisition costs					
Balance as at January 31, 2019 and 2020	\$ 108,123	\$ -	\$ -	\$ -	\$ 108,123
Addition	-	137,275	20,000	37,000	194,275
Balance as at October 31, 2020	\$ 108,123	\$ 137,275	\$ 20,000	\$ 37,000	\$ 302,398
Exploration costs					
Balance, January 31, 2019	\$ (73,267)	\$ -	\$ -	\$ -	\$ (73,267)
Geological	500	-	-	-	500
Exploration costs	7,997	-	-	-	7,997
Balance, January 31, 2020	(64,770)	-	-	-	(64,770)
Geological	26,962	-	-	-	26,962
Mineral claims	5,062	-	-	-	5,062
Balance, October 31, 2020	(32,746)	-	-	-	(32,746)
Total costs October 31, 2020	\$ 75,377	\$ 137,275	\$ 20,000	\$ 37,000	\$ 269,652

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. In order to earn its option, the Company paid \$55,000 in cash, issued 33,333 common shares valued at \$30,000 to the Optionor and incurred \$900,000 in exploration work.

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.

ARCPACIFIC RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Lucky Mike Mineral Project, British Columbia (continued)

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 a 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 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 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 mineral 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. During the year ended January 31, 2020, the Company's ownership of the Lucky Mike property has increased from 31% to 44% (see Note 7).

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 October 31, 2020

ARCPACIFIC RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Silver Lode Claims, British Columbia

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.

Blackdome Mineral Project, British Columbia

On August 7, 2020, the Company acquired a 100% interest in the Blackdome mineral property (the "Property"), pursuant to the option agreement (the "Option Agreement") the Company entered into on July 17, 2020 with a non-related third party (the "Optionor"). The Company paid cash of \$20,000 and issued 200,000 common shares of the Company, at fair value of \$17,000, to the Optioner.

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

In accordance to 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.

Rickard Gold Mine Property, Ontario

On September 18, 2020, the Company acquired a 100% interest in the Rickard Gold property pursuant to an assignment agreement (the "Assignment Agreement") with a private company Tauro Capital Corp. ("Tauro") dated September 9, 2020. Tauro previously entered into an option agreement (the "Option Agreement") with Recoskie Contracting Limited and Edward J. Korba (collectively, the "Optionors") dated January 3, 2020 to acquire the Property. The Company paid cash of \$42,000 and issued 115,000 common shares of the Company, at a fair value of \$10,350, to the Optioners. Also pursuant to the terms of the Assignment agreement, the Company also issued 1,000,000 common shares of the Company, at a fair value of \$84,425, to Tauro for the transferring of the Option agreement.

ARCPACIFIC RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Rickard Gold Mine Property, Ontario (Continued)

Pursuant to the terms of an amendment agreement dated September 9, 2020 (the "Amending Agreement") with Tauro and the Optioners to amend the Option Agreement, the Company shall make the following expenditures, cash payments and share issuances over a period of three years:

- (a) Pay to the Optioners the sum of \$42,500 (paid) and issue 115,000 (issued) common shares of the Company to the Optioners within five days of receipt of regulatory approval from the TSX-V;
- (b) Pay to the Optioners an additional sum of \$75,000 and issue an additional 90,000 common shares of the Company to the Optioners and incur expenditures in the amount of \$150,000 on the Property on or before the 2nd anniversary of the effective date of the Amending Agreement; and
- (c) Pay to the Optioners an additional sum of \$150,000 and issue an additional 150,000 common shares of the Company to the Optioners and incur expenditures in the amount of \$250,000 on the Property on or before the 3rd anniversary of the effective date of the Amending Agreement.

In accordance with the terms of the Assignment Agreement, the Optioners will retain a 3% 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 Optioners at any time for payment of \$2,000,000.

Mine Property adjacent to Rickard Gold, Ontario

On October 23, 2020, the Company acquired a 100% interest in the mineral property (the "Property") adjacent to Rickard Gold, pursuant to the property agreement (the "Property Agreement") the Company entered into on October 16, 2020 with non-related third parties (the "Vendors"). The Company issued 250,000 common shares of the Company, at fair value of \$20,000, to the vendors.

5. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management includes former and current directors and key officers of the Company, including President, Chief Executive Officer and Chief Financial Officer. The remuneration of key management personnel during the nine months ended October 31, 2020 and 2019 is summarized below:

	October 31, 2020	October 31, 2020
Management fees accrued to the CFO	\$ 500	\$ -
Management fees accrued to a Director of the Company	4,000	-
Management fees accrued to the former CEO of the Company	2,000	6,000
Total	\$ 6,500	\$ 6,000

The amounts owing to current and former officers, directors, and key management personnel are unsecured, non-interest bearing and due on demand. The Company owed \$24,800 (January 31, 2020 - \$19,800) recorded in accounts payable and accruals for payments made by the CEO on behalf of the Company and for services provided by the Company's former CEO and the CFO.

6. LOAN PAYABLE

As at October 31, 2020, the loan payable of \$51,500 (January 31, 2020 - \$91,500) was due to an arm's-length party. The loan is unsecured, non-interest bearing and due on demand.

ARCPACIFIC RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

7. SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

Issued and outstanding:

As at October 31, 2020, the issued share capital is comprised of 34,171,157 common shares

On August 7, 2020, the Company issued 200,000 common shares fair valued at \$17,000 in connection with the acquisition of the Blackdome property (Note 4).

On August 28, 2020, the Company completed 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. 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. The Company paid cash finder's fees of \$21,300 and issued 426,000 finder warrants ("Finders Warrants"). Each Finders' Warrants entitles the holder to purchase one common share at an exercise price of \$0.06 for a period of one year from the date of issuance. The fair value of the Finders Warrants was estimated to be \$21,391 using the Black-Scholes pricing model with the following assumptions: term of 1 year; expected volatility of 204%; risk-free rate of 0.25%; and expected dividends of zero.

On September 18, 2020, the Company issued 1,115,000 common shares with a fair value of \$94,775 for the acquisition the Rickard Gold property (Note 4).

On October 23, 2020, the Company issued 250,000 common shares with a fair value of \$20,000 for the acquisition of the adjacent Richard Gold property (Note 4).

For the nine months period ended October 31, 2019, the Company had no share capital transactions.

Stock options

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") approved by the directors on May 28, 2012 which complies with the rules and policies of the TSX Venture Exchange. Under the Plan, the aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company at the time of the granting of options. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless otherwise specified by the Board of Directors.

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. The fair value of the options granted was determined using the Black-Scholes Option Pricing Model with the following assumptions: risk-free rate of 1.65%, expected life of 1 year, expected volatility of 97.83% and no expected dividends. As at January 31, 2020, 100,000 of these stock options expired unexercised.

As at October 31, 2020, the Company has 400,000 stock options outstanding with an exercise price of \$0.075 and expire on November 6, 2020.

ARCPACIFIC RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

7. SHARE CAPITAL (continued)

Stock options (continued)

A summary of the Company's stock options is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Outstanding and exercisable, January 31, 2019	350,000	0.06
Expired	(350,000)	(0.06)
Issued	500,000	0.075
Outstanding and exercisable, January 31, 2020	500,000	0.075
Cancelled	100,000	(0.075)
Outstanding and exercisable, October 31, 2020	400,000	0.075

Warrants

A summary of the Company's warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding and exercisable, January 31, 2018	-	-
Issued	3,647,400	0.10
Outstanding and exercisable, January 31, 2020	3,647,400	0.10
Issued	6,596,000	0.075
Outstanding and exercisable, October 31, 2020	10,243,400	0.08

The following table summarizes share purchase warrants outstanding and exercisable as at October 31, 2020:

Outstanding and exercisable	Exercise Price \$	Weighted average remaining life	Expiry date
1,482,000	0.10	1.16	December 30, 2021
2,165,400	0.10	1.23	January 24, 2022
6,170,000	0.10	0.82	August 28, 2021
426,000	0.06	0.82	August 28, 2021
10,243,400			

8. MANAGEMENT OF CAPITAL

The Company defines capital as debt and all accounts in equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern.

As at October 31, 2020, the Company had capital resources consisting of cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company will continue to rely on capital markets to support continued growth. The Company is not subject to any externally imposed capital requirement.

ARCPACIFIC RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

9. FINANCIAL INSTRUMENT AND FINANCIAL RISK

The Company's financial instruments include cash, accounts payable and loan payable. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Fair value of financial instruments

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 following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

As at October 31, 2020

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	553,072	-	-	553,072

Financial risk management objectives and policies:

The Company's financial instruments include cash, accounts payable and loan 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.

ARCPACIFIC RESOURCES CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED OCTOBER 31, 2020 AND 2019
(EXPRESSED IN CANADIAN DOLLARS) (UNAUDITED)

9. FINANCIAL INSTRUMENT AND FINANCIAL RISK (CONTINUED)

(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 October 31, 2020, the Company had cash of \$553,072 (January 31, 2020 - \$239,383) to settle current liabilities of \$506,022 (January 31, 2020 - \$432,335) which fall due for payment within 12 months.

10. SUBSEQUENT EVENTS

On November 26, 2020, the Company issued 4,850,000 Flow-Through Units ("FT Unit") at a price of \$0.10 for gross proceeds of \$485,000. Each FT Unit consists of one common share of the Company and one half of a non-flow through common share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional non-flow through common share at an exercise price of \$0.15 per common share. For a period of two years from the date of issuance.

On November 26, 2020, the Company issued 12,199,999 non-flow through units ("Units") at a price of \$0.075 per Unit for gross proceeds of up to \$915,000. Each Unit consists of one common share and one-half of a non-flow through common share purchase warrant. Each whole warrant entitles the holder to purchase a common share at an exercise price of \$0.15 per common share for a period of two years from the date of issuance.

The Company paid finder's fees of \$104,000 and issued 1,455,000 broker units ("Broker Units"). 435,000 Broker Units are exercisable to acquire one unit at a price of \$0.10. Each Unit is exercisable to acquire one common share and one-half common share purchase warrant. Each Warrant is exercisable to acquire one additional common share at a price of \$0.15 per warrant for a period of two years from the date of issuance. 1,020,000 Broker Units are exercisable to acquire one Unit at a price of \$0.075 per Unit. Each Unit is exercisable to acquire one common share and one-half of common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of \$0.10 per warrant for a period of two years.

On November 17, 2020, the Company completed a purchase and sale agreement with an arm's length Ontario based private company and acquired 100% of three patented land parcels totalling 500 acres. As consideration, the Company made a one-time cash payment of \$400,000. The claims are subject to a 5% NSR.