

ARBOR METALS CORP. (FORMERLY VELA MINERALS LTD.)

(the "Company" or "Arbor")

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Nine Months ended July 31, 2020

The following Management's Discussion and Analysis ("MD&A"), prepared as of August 11, 2020, should be read in conjunction with the unaudited consolidated interim financial statements and related notes of the Company for the nine months ended July 31, 2020 and the audited financial statements of the Company and related notes for the year ended October 31, 2019. The financial statements have been prepared using accounting principles consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB"). All monetary amounts in this MD&A and in the financial statements are expressed in Canadian dollars unless otherwise stated. Additional information on the Company can be found on SEDAR at www.sedar.com. The reader should be aware that historical results are not necessarily indicative of future performance. The financial statements together with the following MD&A are intended to provide readers with a reasonable basis for assessing the financial performance of the Company.

Vela Minerals Ltd. was incorporated under the BCA-BC on May 19, 2011 and began trading on the TSX-Venture Exchange on October 24, 2012 under the trading symbol VLA. Effective September 3, 2019, the Company changed its name from Vela Minerals Ltd. to Arbor Metals Corp. In connection with the name change, the Company also changed its stock symbol to "ABR".

Forward Looking Statements

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Certain statements contained in this MD&A constitute forward-looking statements. The use of any words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

It is important to note that:

- Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of August 11, 2020.
- Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason except as required by law.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Mining Risks" and "Business Risks".

Overall Performance

The Company is engaged primarily in the business of evaluating, acquiring and, if warranted, developing natural resource properties in Canada. The Company's common shares trade on the TSX Venture Exchange under the symbol "ABR". The Company is a development stage company and has produced no revenues to date and is reliant on the issuance of shares to finance continued exploration activities and operations.

During the year ended October 31, 2013, the Company completed all conditions related to an option to acquire, subject to certain net smelter royalty interests, an undivided 100% interest in the Rossland Property, an exploration property situated in British Columbia as further described under the heading "*The Rossland Property*". Under the terms of the Rossland Agreement, the Company paid cash consideration of \$20,000 with an additional \$50,000 paid upon successful completion of the Company's initial public offering on October 22, 2012, and subsequent listing of the Company's shares on the TSX Venture Exchange on October 24, 2012 ("Listing Date"). The Company also issued an aggregate of 500,000 common shares pursuant to the Rossland Agreement in four tranches of 125,000 shares each over a one year period with the first tranche issued on the Listing Date and the remaining three tranches issued in three month intervals commencing six months after the Listing Date with the final tranche being completed on October 24, 2013. During the year ended October 31, 2014, the Company sold one mineral tenure from the Rossland property for proceeds of \$20,000.

On July 24, 2017, the Rossland property was sold to a related party for \$1,000 as the Company had no plans to continue work on the property and the claims were set to expire on November 1, 2017. The claims were then returned to the Company on October 31, 2017 for the same \$1,000. During the period of time after the sale of the Rossland Property and prior to its repurchase, there was a small work program completed independent of the Company. The program consisted of surface sampling in which 35 samples were collected and assayed. In Q1 2018, the Company incorporated the results from this work program in an updated Assessment report for the Rossland Property, extending the claims to July 31, 2018. As the claims were not renewed, the property was written down to \$Nil on July 31, 2018.

On October 15, 2018 the Company acquired an option to earn a 100% interest in certain mineral claims, comprising 2,473 hectares in the Athabasca Basin, Saskatchewan (the Cree Lake property). To complete the acquisition the Company must make the following cash payments: \$10,000 on closing of a private placement (paid); and a cash payment of \$100,000 within 24 months of the signing of this agreement. Arbor must also incur qualifying exploration expenditures of at least \$100,000 within 24 months of the signing of the agreement.

The Company's interest in the Cree lake property is subject to a 1% NSR payable to the vendor, of which 0.5% may be purchased by the Company for \$1,500,000.

The Company, through its wholly-owned subsidiary Kruger Gold Corp., holds the right to acquire a 100% percent interest in a mineral exploration permit located in Burkina Faso, West Africa, commonly referred to as the "Rakounga Project" ("Project"). Kruger has control over operations conducted on the Project and can acquire a 90% interest in the Project by completing a series of cash payments totalling \$1,000,000 and incurring exploration expenditures of at least

\$1,250,000 in the development of the Project over a five-year term. Following completion of these payments and expenditures, Kruger can acquire the remaining 10% interest in the Project for a one-time cash payment of \$1,000,000.

The Company's interest is subject to a 1% NSR payable to the underlying owner as well as a further 1% royalty in favour of Sandstorm Gold Ltd.

A summary of the Company's exploration and evaluation assets is as follows:

	Rakounga		
	Cree Lake	Gold	Total
Balance at November 1, 2018	\$ 10,000	\$ -	\$ 10,000
Acquisition costs	-	-	-
Exploration costs	-	-	-
Write down	-	-	-
Balance at October 31, 2019	\$ 10,000	\$ -	\$ 10,000
Acquisition costs	-	900,000	900,000
Exploration costs	5,000	-	5,000
Write down	-	-	-
Balance at July 31, 2020	\$ 15,000	\$ 900,000	\$ 915,000

Selected Annual Information

The following table summarizes financial information, prepared in accordance with IFRS, for the Company for the years ended October 31, 2019, 2018 and 2017.

	October 31, 2019	October 31, 2018	October 31, 2017
	\$	\$	\$
Current assets	1,012,918	95,485	2,532
Exploration and evaluation properties	10,000	10,000	1,000
Total assets	1,022,918	105,485	3,532
Current liabilities	20,963	187,170	14,000
Total non-current financial liabilities	Nil	Nil	Nil
Total revenue	Nil	Nil	Nil
Net loss	(163,060)	(162,217)	(220,125)
Net loss per share, basic and diluted	(0.04)	(0.09)	(0.12)
Weighted average number of common shares outstanding	4,219,982	1,762,450	1,762,450

During 2019, the Company reduced its expenses while it searched for opportunities. Most of the year's loss related to professional fees resulting from the private placement financing and share-based compensation expense resulting from share options granted during the year.

During 2018 the Company received share subscription advances of \$91,000, which were returned subsequent to the year end. The Company also incurred substantially higher expenses in its efforts to implement its business plan.

During the year ended October 31, 2017 Arbor wrote down the Rossland property by \$194,177. The balance of the year's loss arose primarily from professional fees of \$26,948.

The Company has no dividend policy and has no intention of developing a dividend policy in the foreseeable future. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

Summary of Quarterly Results

The following is a summary of selected financial data for the Company for the eight most recently completed quarters.

	3 Months ended Jul 31, 2020 \$	3 Months ended Apr 30, 2020 \$	3 Months ended Jan 31, 2020 \$	3 Months ended Oct 31, 2019 \$	3 Months ended Jul 31, 2019 \$	3 Months ended Apr 30, 2019 \$	3 Months ended Jan 31, 2019 \$	3 Months ended Oct 31, 2018 \$
Total revenue	Nil							
Net loss	(118,826)	(166,270)	(23,924)	(87,279)	(24,508)	(40,742)	(10,531)	(26,331)
Net loss per share, basic and diluted	0.01	0.00	0.00	0.01	0.00	0.01	0.00	0.02
Total assets	1,094,149	960,084	1,006,822	1,022,918	581,653	960,282	36,857	105,485
Total liabilities	245,855	10,324	28,791	20,963	260,134	224,506	193,773	187,170
Total shareholders' equity (deficiency)	848,294	949,760	978,031	1,001,955	321,519	735,776	(156,916)	(81,685)

Results of Operations

Nine months ended July 31, 2020

During the nine months ended July 31, 2020, the Company recorded a comprehensive loss of \$309,020 (\$0.01 per share) compared with a loss of \$75,781 (\$0.01 per share) in the same period of 2019.

Significant items in the nine months ended July 31, 2020 include:

- Consulting fees of \$25,950 (2019 period - \$17,260) paid to management;
- Office and administration of \$10,022 (2019 period - \$86) which includes \$9,718 to upgrade the Company's website;
- Corporate communications contracts of \$192,735 (2019 period - \$Nil)
- Professional fees of \$24,584 (2019 period - \$33,275) related to the acquisition of Kruger Gold Corp., convertible note financing, warrant extension and 2019 year end audit;
- Transfer agent and filing fees of \$52,821 (2019 period - \$19,472) related to the forward share split and the proposed German stock exchange listing; and
- Interest expense \$2,908 (2019 period - \$5,798) on the convertible note (2020) and loans retired in August, 2019 (2019).

Liquidity and Capital Resources

As at July 31, 2020, the Company had current assets of \$179,149 to settle current liabilities of \$245,855, which include a convertible note in the amount of \$235,549.

During the first nine months of 2020, operating activities used \$314,895 in cash.

The Company invested \$5,000 to re-stake the Cree Lake property and acquired the Rakounga Gold property interest for \$900,000.

The Company's activities in the nine months ended July 31, 2020 were financed by the exercise of warrants, which provided cash of \$138,000, and a credit facility, which provided cash of \$250,000, in the form of a convertible note .

The Company is a development stage company with no revenue producing properties and, consequently, does not generate operating income or cash flow. The Company has incurred losses since inception. The Company has relied upon loans and the issuance of equity capital to provide working capital to fund the Company's operations.

Off Balance Sheet Transactions

The Company has no off-balance sheet arrangements.

Disclosure of Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares of which 47,570,075 common shares are issued and outstanding as at the date of this MD&A.

On March 27, 2020, the Company completed a forward share split on the basis of two-and-one-half additional common shares for every one common share outstanding on that date.

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited Common Shares	47,570,075 Common Shares
Securities convertible or exercisable into voting or equity securities - stock options	Stock Options to acquire up to 10% of outstanding Common Shares	Nil
Securities convertible or exercisable into voting or equity securities - warrants exercisable at \$0.043		31,811,500

Related Party Transactions

Key management personnel comprise the Company's Board of Directors and executive officers. During the nine months ended July 31, 2020 and 2019, no remuneration was paid to key management personnel other than as noted below:

	2020	2019
Consulting fees	\$ 25,950	\$ 17,150

Included in accounts payable at July 31, 2020 is \$Nil for fees paid to directors of the Company (October 31, 2019 – prepaid expenses of \$1,450).

Significant Accounting Policies

Accounting standards and amendments issued and effective:

IFRS 9 Financial Instruments ("IFRS 9")

On 1 October 2018, the Company adopted the new accounting standard, IFRS 9, which replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 introduced a new classification and measurement model for financial assets and liabilities, a more forward-looking impairment model based on expected credit losses and a substantially reformed hedge accounting model.

IFRS 9 contains a new classification and measurement approach for financial assets, reflecting the business model for assets and for cash flow characteristics. The following table summarizes the classification impact of the Company's financial assets and financial liabilities upon the adoption of IFRS 9. The adoption of the new classification requirements under IFRS 9 did not result in any measurement adjustments of the Company's financial assets and liabilities.

IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an expected credit loss ("ECL") model. ECL's are a probability-weighted estimate of credit losses.

The Company adopted the above standard as applicable and noted no material impact on its financial statements.

The following standard adopted by the Company effective November 1, 2019:

IFRS 16 – Leases - On January 13, 2016 the IASB issued IFRS 16, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

The new standard is effective for annual periods beginning on or after January 1, 2019. The extent of the impact of adoption of the above standard on the financial statements of the Company is not expected to be significant.

The Company intends to adopt the above standards as applicable and does not anticipate a material impact on its financial statements.

Capital Management

The Company considers its capital to be the total shareholders' equity which at July 31, 2020 was \$848,294 (October 31, 2019 - \$1,001,955).

The Company's objectives in managing its capital are: to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit. In order for the Company to carry out planned exploration, additional equity financing will be required.

The Company is not subject to any externally imposed capital requirements. Funds are secured, when necessary, through the sale of common shares.

Financial Instruments

Fair Value of Financial Instruments

The Company's financial instruments recognized on the statement of financial position consist of cash and cash equivalents and accounts payable. Cash and cash equivalents are carried at fair value. Due to their short-term nature, the carrying value of accounts payable approximates its fair value.

The Company's exposure from its use of financial instruments is incorporated into the risk analysis of interest rate risk, credit risk and liquidity risk noted below.

Market Risk

Interest Rate Risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company had \$178,159 in cash as at July 31, 2020, on which it earns no interest, and therefore is not subject to interest rate risk.

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. The Company's cash is held at a large Canadian financial institution and in lawyers' trust accounts and therefore is not subject to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. As at July 31, 2020, the Company had a working capital deficiency of \$66,706. This included

cash and cash equivalents of \$178,159 and a GST receivable balance of \$990 which is not sufficient to settle its current liabilities of \$245,855. The Company's financial liabilities include accrued expenses and accounts payable which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

Mining Risks

The Company is subject to the risks typical in the mining business including uncertainty of success in exploration and development; operational risks including unusual and unexpected geological formations, rock bursts, particularly as mining moves into deeper levels, cave-ins, flooding and other conditions involved in the drilling and removal of material as well as environmental damage and other hazards; risks that intended drilling schedules or estimated costs will not be achieved; and risks of fluctuations in the price of commodities and currency exchange rates. Metal prices are subject to volatile price movements over short periods of time and are affected by numerous factors, all of which are beyond the Company's control, including expectations of inflation, levels of interest rates, sales of gold by central banks, the demand for commodities, global or regional political, economic and banking crises and production rates in major producing regions. The aggregate effect of these factors is impossible to predict with any degree of certainty.

Business Risks

Natural resources exploration and development involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, changing governmental laws and regulations, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks however the Company is not fully insured against all risks nor are all such risks insurable.
- Financial risks include fluctuations in commodity prices, interest rates and foreign exchange rates, all of which are beyond the Company's control.
- Regulatory risks include possible delays in getting regulatory approval for transactions that the Board of Directors believe to be in the best interest of the Company, increased fees for filings, and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.
- In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on

the Company is not currently determinable but management continues to monitor the situation.

Outlook

The Company is actively evaluating prospects worthy of exploration and development. The ability of the Company to do so is contingent upon its ongoing ability to raise the capital necessary to advance such prospects.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.