ARCUS
DEVELOPMENT GROUP Inc.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS AND THE TWELVE MONTHS ENDED JULY 31, 2015 (including Subsequent Events to November 24, 2015)

The following discussion and analysis of the results of operations and financial condition of Arcus Development Group Inc. ("Arcus" or the "Company") for the three months and the twelve months ended July 31, 2015 should be read in conjunction with the Arcus audited financial statements and related notes for the twelve months ended July 31, 2015, which are prepared in accordance with the International Financial Reporting Standards ("IFRS").

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and this Management Discussion and Analysis document ("MD&A") is complete and reliable.

Additional information about Arcus as filed with Canadian securities commissions, (including quarterly reviews) is available under the Arcus Development Group Inc. profile on SEDAR at www.sedar.com.

The reporting currency in this MD&A is Canadian dollars unless otherwise noted.

FORWARD-LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by the Company's use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements.

Forward-looking statements are statements that are not historical facts, and include but are not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model; future operations, products and services; the impact of regulatory initiatives on the Company's operations; the size of and opportunities related to the market for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint or strategic ventures; and statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of Arcus. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the actual results may vary materially from those expected, estimated or projected. Forward-looking statements in this MD&A are not a prediction of future events or circumstances and those future events or circumstances may not occur. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements.

DESCRIPTION OF BUSINESS

Arcus is a mineral exploration and development company. It is engaged in the business of acquiring and exploring mineral properties with the aim of discovering commercially exploitable deposits of minerals (primarily gold) which can be sold at a profit to companies interested in placing such deposits into commercial production. Arcus currently holds a 50% joint venture interest in four early stage mineral exploration properties in the Yukon Territory, Canada.

The common shares of Arcus trade on the TSX Venture Exchange under the symbol ADG. Arcus is a reporting issuer in the provinces of Alberta, British Columbia and Ontario.

Arcus is a member of the Strategic Exploration Group, a Vancouver based alliance of TSX Venture Exchange listed junior mineral exploration companies focused on exploration in western North America (www.segroup.com). In addition to Arcus, the group consists of ATAC Resources Ltd. ("ATAC"), Rockhaven Resources Ltd., Strategic Metals Ltd. and Silver Range Resources Ltd.

Each of the companies in the Strategic Exploration Group, including Arcus, has a specific commodity focus or business model. As such, the companies in the group are not directly competing with each other for exploration opportunities, financing or other resources. The Arcus board of directors is independent of the boards of each of the other four Strategic Exploration Group companies.

OVERALL PERFORMANCE

Arcus and ATAC each hold a fifty percent (50%) interest in the Dawson Gold project, located in the White Gold district of the Yukon Territory and have jointly explored the project area since February of 2012. During the twelve month period ended July 31, 2015, the Dawson Gold joint venture did not carry out any exploration activities on the Dawson Gold project. See "Property Transactions and Exploration" for additional information.

SELECTED ANNUAL INFORMATION

The selected financial information set out below has been obtained from the Company's financial statements, which reflect the Company's operations in the mineral exploration business. The following table summarizes information pertaining to the operations of Arcus for the last three fiscal years:

	Year ended July 31, 2015 ($)	**Year ended July 31, 2014 ($)**	**Year ended July 31, 2013 ($) ***
General and administrative expenses	59,473	140,087	95,957
Loss for the year	(59,473)	(140,087)	(75,957)
Loss per share	(0.00)	(0.00)	(0.00)
Total assets	61,963	29,053	4,033,723

* As originally reported. Refer to Fourth Quarter on page 6 for further information.

SUMMARY OF QUARTERLY RESULTS

The following table contains comparative information for the eight previous Arcus financial quarters:

Period Ended	Income (Loss) ($)	Income (Loss) per Share ($)	Total Assets ($)
July 31, 2015	(3,646)	(0.00)	61,963
April 30, 2015	(16,433)	(0.00)	69,122
January 31, 2015	(20,142)	(0.00)	9,987
October 31, 2014	(19,252)	(0.00)	18,558
July 31, 2014	(13,264)	(0.00)	29,053
April 30, 2014 *	(19,505)	(0.00)	4,048,598
January 31, 2014 *	(13,324)	(0.00)	4,069,335
October 31, 2013 *	(45,526)	(0.00)	4,115,396

* As originally reported. Refer to Change in Accounting Policy on page 6 for further information.

RESULTS OF OPERATIONS

Arcus is a mineral exploration company and has no operating revenue. Expenditures related to exploration on the company's mineral property interests are expensed as incurred. For the financial year ended July 31, 2015, Arcus incurred a net loss of $59,473 ($0.00 per share) compared to a net loss, as initially reported, of $140,087 ($0.00 per share) for the fiscal year ended July 31, 2014. The decrease in net loss is largely attributable to the Company not incurring any exploration expenses in fiscal 2015, and also to its ability to reduce office rent charges, during fiscal 2015, from $2,000 to $200 per month.

For the three month period ended July 31, 2015, the Company's net loss of $3,646 reflected ordinary administrative expenses. The comparative fourth quarter amount for fiscal 2014 of $13,264 is inclusive of the previous monthly office rent charges (discussed above), and approximately $5,300 in exploration costs incurred during that quarter.

Since February 21, 2012, Arcus and ATAC have jointly explored the Dawson Gold project as 50% participants in the Dawson Gold joint venture. All exploration expenditures since that time have been funded equally by Arcus and ATAC. See "Property Transactions and Exploration" for additional information.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital as of July 31, 2015 was approximately $62,000, comprised substantially of funds on deposit with a Canadian Schedule 1 chartered bank.

On April 8, 2015, Arcus completed a 4,850,000 unit private placement for gross proceeds of $97,000. The placement consisted of a unit offering (the "Units") to existing Arcus shareholders at a price of $0.02 per Unit. Each Unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional Arcus share at a price of $0.05 at any time prior to 5:00 p.m. (Vancouver time) on April 8, 2017.

No finder's fees or sales commissions were paid in respect of the placement. The securities issued as part of the placement were subject to a hold period that expired on August 9, 2015.

The proceeds of the placement will be used by Arcus as ongoing working capital. No portion of the proceeds will be used to pay management fees or salaries. Currently, Arcus has no ongoing cash payment or share issuance obligations in respect of any of its mineral properties. See “Property Transactions and Exploration” for additional information.

(a) Share Capital

The authorized share capital of Arcus consists of an unlimited number of no par value common shares. As at July 31, 2015, the issued and outstanding securities of Arcus were as set out in the following table:

Type of Security	Number of Securities Outstanding	Expiry Date	Exercise Price
Common shares	46,158,155	n/a	n/a
Warrants	4,850,000	April 8, 2017	$0.05
Stock Options(1)	1,850,295	November 30, 2015	$0.17

(1) On November 30, 2010, Arcus officers, directors and consultants were granted 1,880,295 options to purchase Arcus shares at a price of $0.17 per share. These options may be exercised at any time on or before November 30, 2015.

(b) Flow-through Expenditure Obligation

Arcus has no outstanding flow-through exploration expenditure obligations.

(c) Off-Balance Sheet Arrangements

Arcus does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the financial year ended July 31, 2015, no amounts were paid or accrued for management, geological consulting and administrative services (collectively, the “Services”). The details of the current and comparative quarter transactions are as follows:

(a) Management Services

During the three month periods ended July 31, 2015 and July 31, 2014, no management fees were paid to any party by Arcus. During the twelve months ended July 31, 2015, no management fees were paid to Ian Talbot, the President and Chief Executive Officer of Arcus, compared to $2,400 paid to Ian Talbot during the twelve months ended July 31, 2014.

(b) Geological Consulting Services

During the three month periods ended July 31, 2015 and July 31, 2014, no fees for geological consulting services were paid to Skivik Holding Corporation Limited (“Skivik”), a private British Columbia company controlled by William A. Wengzynowski, a former director of Arcus. During the twelve months ended July 31, 2015, no geological consulting fees were paid to Skivik, compared to $14,163 paid to Skivik during the period ended July 31, 2014.

William Wengzynowski ceased being a director immediately following the Company’s January 26, 2015 Annual General Meeting.

(c) Administrative Services

During the three month period ended July 31, 2015, fees for administrative services in the amount of $750 were paid to De Visser Gray LLP Chartered Accountants, a firm in which James Gray, a director and the Chief Financial Officer of Arcus, is a partner, compared to no fees paid during the three month period ended July 31, 2014. During the twelve months ended July 31, 2015, $750 was paid to De Visser Gray, compared to $1,000 paid during the twelve month period ended July 31, 2014.

(d) Ongoing Services

All related party transactions are carried out in the normal course of Arcus operations and are measured at fair market value at their exchange amount, which is that amount of consideration established and agreed to by the related parties. All services provided to Arcus by related parties during the twelve months ended July 31, 2015 were provided on an "as needed" basis only.

RISKS AND UNCERTAINTIES

In conducting its business, Arcus faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land title, exploration and development, government and environmental regulations, permits and licenses, competition, fluctuating metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities.

(a) Title Risks

Although Arcus 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 Arcus may lose all or part of its interest in the properties to which such defects relate.

(b) Exploration and Development

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, but not limited to, 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.

(c) 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.

(d) Competition

The mineral exploration industry is intensely competitive in all its phases, and Arcus 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.

(e) Fluctuating Metal Prices

Factors beyond the control of Arcus have a direct affect on global metal prices, which have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects and the Company's ability to finance the development of its projects cannot be accurately predicted and may be adversely affected by fluctuations in metal prices.

(f) Future Financings

The Company's continued operation will be dependent upon its ability to procure additional equity financing. To date, the Company's sole source of funding has been equity financing.

The constantly changing state of global equity markets has a direct affect on the ability of exploration companies, including Arcus, to finance project acquisition and development through the equity markets. There can be no assurance that funds from the Company's previous revenue sources can be generated or that other forms of financing can be obtained at a future date. Failure to obtain additional financing on a timely basis may cause Arcus to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of its operations.

(g) Price Volatility of Publicly Traded Securities

During the past year, global equity markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

CHANGE IN ACCOUNTING POLICY

During the fourth quarter of fiscal 2014, the Company elected to change its accounting policy for exploration and property option costs to expense these as incurred rather than to defer them as assets. In the view of management, this provides a fairer and more conservative approach to the reporting and presentation of these expenditures. The option to initially defer or expense such costs incurred at a pre-feasibility stage of development remains, under IFRS, fundamentally at the discretion of management. However, had the Company continued with its policy of initial capitalization there would remain the requirement to apply a fairly subjective test for impairment factors at each subsequent reporting date. In a hypothetical scenario involving a conclusion of probable asset impairment, the Company's only option would likely be a full write off of the applicable costs incurred to date. A reality of the junior exploration business is that projects are periodically subject to impairment and discontinuance, and accordingly a policy of capitalization can arguably result in understated losses while work is ongoing and overstated losses when these costs are written off. In the opinion of management, recognizing such costs in operations as incurred therefore provides a more steady and predictable method of reporting these amounts.

For the purposes of its current financial statement presentation, the change was applied retrospectively. However, for the purposes of the continuity of quarterly information in its MD&A, Arcus will continue to present previous quarterly information as it was initially reported. The quarterly figures reported in this MD&A (refer to page 3), reflect the impact of this change on the three month periods ended July 31, 2014, October 31, 2014 and January 31, 2015 only. The impact of this accounting policy change as it would have affected previous quarters will be discussed, as necessary, elsewhere herein and in future filings.

MANAGEMENT AND BOARD OF DIRECTORS

There have been no changes to the Arcus board of directors or management during the three month period ending July 31, 2015 or subsequent to that period.

PROPERTY TRANSACTIONS AND EXPLORATION

(a) Dawson Gold Project, Yukon, Canada

Effective February 21, 2012, Arcus acquired a 50% interest in the Dawson Gold project by fully exercising a property option. At that time, Arcus and ATAC formed a joint venture to explore and develop the Dawson Gold project. Each company holds a 50% interest in the joint venture and Arcus acts as the joint venture operator.

The four claim blocks comprising the Dawson Gold project are the Dan Man, the Green Gulch, the Touleary and the Shamrock properties, all located in west-central Yukon approximately 100 km south of Dawson City. The two most significant claim blocks are the Touleary and the Dan Man properties.

(i) Touleary Property

The Touleary property is located immediately south of and adjacent to the Kinross Gold Corporation White Gold property. The exploration target at the Touleary property is volcanogenic massive sulphide (“VMS”) mineralization.

During the summer of 2011 Arcus discovered the first significant VMS system identified in the White Gold District of the central Yukon. The 2011 diamond drill program consisted of five holes totaling 935 meters and targeted a 300 by 100 m area within a 1,200 m long zone of coincident geophysical and intermittent copper±gold-in-soil geochemical anomalies.

The joint venture completed a program of additional soil sampling and hand trenching during the 2012 and 2013 field seasons. No field work was carried out in 2014 or 2015.

(ii) Dan Man Property

The Dan Man property is located immediately north of and adjacent to the Kaminak Gold Corporation (“Kaminak”) Coffee property. Work to date at the Dan Man property has been focused within the southern portion of the claim block in close proximity to the Kaminak claim block.

In 2011, the Kambaa and the Kwazulu zones were partially tested with a ten hole diamond drill program. No exploration work has been carried out on the Dan Man property by the Dawson Gold joint venture since 2011.

(iii) Summary of Technical Data

A summary of all exploration results to date for work completed on the Dawson Gold project is contained in the Arcus MD&A for the period ended April 30, 2014 as filed on June 26, 2014 under the Arcus profile at www.sedar.com. Additional exploration information, including assay results, maps and cross sections can be viewed on the Arcus website at www.arcusdevelopmentgroup.com.

(iv) Technical Review

The technical information related to the Dawson Gold project as disclosed in this MD&A has been reviewed by Heather Burrell, B.Sc., P.Geo., a qualified person for the purposes of National Instrument 43-101. Heather Burrell is a geological consultant to Arcus.

SUBSEQUENT EVENTS

No material changes or transactions involving the business of Arcus have occurred during the period subsequent to July 31, 2015.

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CORPORATE INFORMATION

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James Gray, Vancouver, B.C.	Chief Financial Officer and Director
Grant Longhurst, North Vancouver, B.C.	Independent Director
P. Gary Paulson, Prince George, B.C.	Independent Director
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