ARCUS
DEVELOPMENT GROUP Inc.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS AND THE SIX MONTHS ENDED JANUARY 31, 2018 (including Subsequent Events to March 23, 2018)

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 six months ended January 31, 2018 should be read in conjunction with the Arcus audited financial statements and related notes for the twelve months ended July 31, 2017, 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 ("MD&A") document 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 100% 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., Silver Range Resources Ltd. and Trifecta Gold 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 five Strategic Exploration Group companies.

OVERALL PERFORMANCE

Arcus holds a 100% interest in four mineral properties located in the Dawson Mining District, Yukon Territory (the "Dawson Gold Project"). During the period July 28 through September 3, 2017, Arcus completed a 20 hole reverse circulation drill program on its Dan Man property. See "Property Transactions and Exploration" for additional information.

SELECTED ANNUAL INFORMATION

The selected financial information set out below has been obtained from the Arcus financial statements, which reflect the Arcus 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, 2017 ($)	**Year ended July 31, 2016 ($)**	**Year ended July 31, 2015 ($)**
General and administrative expenses	497,878 *	46,133	59,473
Property acquisition and exploration expenses	1,786,872	7,289	-
Loss for the year	2,284,750	53,422	59,473
Loss per share	0.03	0.00	0.00
Total assets	1,497,866	10,732	61,963

* *Inclusive of a $450,000 non-cash charge*

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 ($)
January 31, 2018	(222,956)	(0.00)	197,583
October 31, 2017	(795,142)	(0.01)	490,594
July 31, 2017	(69,480)	(0.00)	1,497,866
April 30, 2017	(26,819)	(0.00)	1,545,625
January 31, 2017	(471,932)[(1)]	(0.00)	1,403,679
October 31, 2016	(1,716,519)	(0.03)	1,442,490
July 31, 2016	(7,685)	(0.00)	10,732
April 30, 2016	(12,453)	(0.00)	17,742

(1) Previously reported as ($181,881). The Company initially reported the complete recovery of a $290,051 flow-through premium at January 31, 2017; however, $275,000 of this amount was subsequently restored as a balance sheet liability at July 31, 2017, while the residual $15,051 was recovered during the quarter then ended. The January 31, 2017 quarterly has not been formally re-filed on SEDAR as in the opinion of management the change was not material to the anticipated users of the financial statements.

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, and arguably the discretionary nature of such expenditures makes comparative analysis by fiscal period somewhat irrelevant. For the three months ended January 31, 2018, Arcus incurred a net loss of $222,956 ($0.00 per share) compared to a net loss of $471,932 ($0.00 per share) for the three months ended January 31, 2017. The loss during the three months ended January 31, 2018 was largely attributable to exploration expenditures incurred on the Company's Dan Man property. The increase in the loss during the comparative period ended January 31, 2017 was attributable to a $450,000 non-cash charge for share based compensation in respect to the issuance of stock options relative to a similar charge of $35,000 incurred during the current year to date interim period.

LIQUIDITY AND CAPITAL RESOURCES

The Company's, net working capital as of January 31, 2018, exclusive of non-cash liabilities, was approximately $194,000, comprised substantially of funds on deposit with a Canadian Schedule 1 chartered bank. The Company's net working capital as of March 23, 2018, again net of non-cash liabilities, was approximately $180,000.

Arcus currently has no ongoing cash payment or share issuance obligations in respect of any of its mineral properties.

(a) Private Placements

On October 24, 2016, Arcus closed concurrent non-brokered flow-through and non-flow-through private placements. A total of 12,610,916 flow-through units were sold at a price of $0.10 per unit for gross proceeds of $1,261,092. A total of 1,789,084 non-flow-through units were sold at a price of $0.077 per unit for gross proceeds of $137,759. The aggregate proceeds from the sale of all units were $1,398,851.

Both the flow-through and the non-flow-through units were comprised of one Arcus common share and one-half of one transferrable share purchase warrant. Each full warrant entitles the holder to purchase one non-flow-through share at a price of $0.20 per share at any time on or before October 24, 2018, unless otherwise extended in accordance with the warrant terms.

The flow-through units formed part of a donation arrangement structured by Peartree Securities Inc. through which Goldcorp Inc. ("Goldcorp") became the ultimate holder of the flow-through units. The non-flow-through units were purchased directly from Arcus by Goldcorp. Following the closing of the concurrent placements, Goldcorp held approximately 19.9% of the issued and outstanding shares of Arcus on a non-diluted basis. As of March 23, 2018, Goldcorp held 19.78% of the issued shares of Arcus.

Proceeds from the sale of the flow-through units were used by Arcus to incur eligible Canadian exploration expenses at its wholly-owned Dan Man property, located immediately north and adjacent to the Goldcorp Coffee property in the Yukon. Proceeds from the sale of the non-flow-through units were or are being used by Arcus as general working capital.

Following the completion of the concurrent placements, the issued and outstanding share capital of Arcus was 76,278,065 shares. No finder's fees were paid in respect of the placements.

As part of the placements, Goldcorp was granted the right to maintain its pro-rata ownership percentage in Arcus during future financings. This right will entitle, but not obligate Goldcorp to participate in any future equity financings by Arcus to the extent necessary for Goldcorp to maintain a 19.9% equity ownership interest in the issued and outstanding common shares of Arcus. Goldcorp's right to participate in future financings will terminate if its equity interest falls below 7.5% of the issued and outstanding common shares of Arcus. Goldcorp will also have the right to match non-equity financing and tolling arrangements related to future exploration or development on the Dan Man property.

For additional information on known material shareholdings in Arcus, see “Property Transactions and Exploration”.

(b) Share Capital

The authorized share capital of Arcus consists of an unlimited number of no par value common shares. As at March 23, 2018, 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	76,278,065	n/a	n/a
Warrants(1)	5,000,000	August 19, 2021	$0.20
Warrants(2)	6,305,458	October 24, 2018	$0.20
Warrants(3)	894,542	October 24, 2018	$0.20
Stock Options(4)	3,600,000	January 23, 2022	$0.14
Stock Options(5)	250,000	September 13, 2022	$0.16

(1) Share purchase warrants issued as part of an August 2, 2016 purchase agreement with ATAC.
(2) Share purchase warrants issued as part of an October 24, 2016 flow-through private placement.
(3) Share purchase warrants issued as part of an October 24, 2016 non-flow-through private placement.
(4) Incentive stock options granted to Arcus officers and directors on January 23, 2017.
(5) Incentive stock options granted to a consultant of Arcus on September 13, 2017.

(d) Flow-through Expenditure Obligations

As of January 31, 2018, Arcus had no outstanding flow-through exploration expenditure obligations.

(e) Off-Balance Sheet Arrangements

Arcus does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

(a) Management Services

During the three month periods ended January 31, 2018 and January 31, 2017, no fees for management services were paid to Ian Talbot, the Arcus President and Chief Executive Officer. During the six months ended January 31, 2018, no fees for management services were paid to Ian Talbot, compared to $9,900 paid for the six months ended January 31, 2017.

(b) Geological Consulting Services

During the three month period ended January 31, 2018, fees for geological consulting services in the amount of $12,600 were paid to Ian Talbot, compared to $nil paid for the three month period ended January 31, 2017. During the six months ended January 31, 2018, fees for geological consulting services totalling $64,100 were paid to Ian Talbot, compared to $nil paid for the six months ended January 31, 2017.

(c) Administrative Services

During the three month periods ended January 31, 2018 and January 31, 2017, no fees for administrative services were paid to De Visser Gray LLP Chartered Accountants ("De Visser Gray"), a firm in which James Gray, a director and the Chief Financial Officer of Arcus, is a partner. During the six months ended January 31, 2018, management services fees totalling $1,500 were paid to De Visser Gray, compared to $nil paid for the six months ended January 31, 2017.

(d) Ongoing Services

All related party transactions are carried out in the normal course of the Company's 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. Where applicable, all services provided to Arcus by related parties are 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.

MANAGEMENT AND BOARD OF DIRECTORS

There were no changes to the Arcus board of directors or management during the three month period ending January 31, 2018 and there have been no changes subsequent to January 31, 2018.

PROPERTY TRANSACTIONS AND EXPLORATION

(a) Dawson Gold Project

By agreement dated August 2, 2016, Arcus acquired ATAC's 50% interest in the Dawson Gold Project. Arcus and ATAC formed the Dawson Gold Joint Venture in March of 2012 with each company holding a 50% interest in the Dawson Gold Project. The four mineral properties comprising the Dawson Gold Project are the Dan Man, Touleary, Green Gulch and Shamrock properties, all located in the White Gold District of Yukon Territory, approximately 100 km south of Dawson City. The two most significant properties are the Touleary and the Dan Man properties, discussed in more detail below.

As payment for ATAC's 50% interest in the Dawson Gold Project, Arcus issued ATAC 10,869,910 common shares and 5,000,000 share purchase warrants. The warrants entitle ATAC to purchase an additional 5,000,000 Arcus common shares at a price of $0.20 per share at any time on or before August 19, 2021. ATAC also retained a 1% net smelter return royalty interest in any future production from any of the four Dawson Gold Project properties.

The 10,869,910 common shares issued to ATAC combined with its existing shareholding in Arcus resulted in ATAC holding 19.99% of the Arcus issued share capital following the completion of the transaction. As a condition of the 5,000,000 share purchase warrants, ATAC was required to provide both Arcus and the TSX Venture Exchange (the "Exchange") with an undertaking that it will not exercise warrants if doing so will result in ATAC holding 20% or more of the issued Arcus share capital following the exercise of the warrants.

ATAC's current shareholding in Arcus is approximately 14.95% of the outstanding share capital.

(i) Dan Man Property

The Dan Man property is located immediately north and adjacent to the Coffee claims, acquired by Goldcorp through its purchase of Kaminak Gold Corporation in 2016. Work to date at the Dan Man property has been focused within the southern portion of the claim block in close proximity to the Coffee claim block, targeting similar structurally hosted gold mineralization. Exploration by Arcus between 2009 and 2011 was successful in identifying four separate zones defined by significant gold-in-soil geochemical response with continuous anomalies ranging between 300 m and 1800 m strike length.

In 2011, the Kambaa and the Kwazulu zones were partially tested with a ten hole diamond drill program. No exploration work was carried out on the Dan Man property by Arcus since 2011.

During the period August 5 through September 2, 2017, Arcus completed a 20 hole (2,880 m) reverse circulation drill program at the Dan Man property. The 2017 drill program was designed as a reconnaissance style test of seven linear structural zones within a broad 3,500 by 800 m east trending structural corridor defining the Rooibos and Kwazulu zones. This particular trend is analogous to the neighboring Latte and Double Double zones defined by Goldcorp as part of the current Coffee gold deposit.

The majority of the Arcus drill targets were selected where tilt derivative magnetic structural lows were coincident with anomalous gold-in-soil responses. Drill holes were spaced at distances 100 to 650 m apart. Four of the twenty holes did not reach or fully test the intended structural targets due to poor drilling conditions and two of the twenty holes tested regional structural trends outside the known gold bearing orientations.

Significant drill intersections from the 2017 program are reported in the following tables:

Rooibos Zone

Hole	From (m)	To (m)	Interval (m)	Au (g/t)
RC-RB-17-03	76.20	77.72	1.52	1.24
RC-RB-17-05	73.15	80.77	7.62	2.13
Including	74.68	79.25	4.57	3.27
Including	77.73	79.25	1.52	6.83
RC-RB-17-07	24.39	25.91	1.52	0.97
	141.73	143.25	1.52	1.77
	146.31	149.35	3.04	0.72

Kwazulu Zone

Hole	From (m)	To (m)	Interval (m)	Au (g/t)
RC-KW-17-03	91.44	92.96	1.52	2.23
RC-KW-17-05	74.68	76.20	1.52	1.40
	120.40	124.97	4.57	0.56
RC-KW-17-08	25.91	44.20	18.29	0.53
Including	38.10	41.14	3.04	1.03

Notes - RC holes are sampled per 5' drill rod and the 'From/To' meters are subsequently converted to metric; the converted depth measurements quoted at 2 decimal places does not indicate centimeter accuracy of sampling. True width of intersected mineralized zones is estimated to be 80% of the downhole width.

Rooibos RC-RB-17-03, 05 and 07 tested the easternmost portion of a 1,900 m long structural zone with strongly coincident gold-in soil geochemical responses along an 800 m portion of the trend. Three of four holes drilled along 425 m of the trend returned >1g/t gold across narrow intervals within narrow anomalous gold envelops not exceeding 15 m.

Kwazulu RC-KW-17-03, 05 and 08 were located 2 km west of the Rooibos drilling along a 650 m long structural trend defined in 2011 by diamond drill hole DM-11-08 which cut 21.15 m of 0.50 g/t gold including 8.62 m of 1.63 g/t gold. RC holes peripheral to DM-11-08 tested 400 m along strike and encountered similar gold grades but across narrower intervals. Alteration zones cut in holes RC-KW-17-03 and 05 yielded semi-continuous anomalous gold response (>25 ppb and many intervals >100 and >200 ppb) across widths in excess of 100 m. RC-KW-17-05 was shut down prematurely in a gold bearing zone due to poor drilling conditions.

Most of the remaining RC drill holes encountered anomalous gold values across variable widths within or near interpreted structural zones. Gold values obtained from cuttings in these holes were of similar tenor or only modestly enhanced relative to the gold responses from surface soil samples.

Based on the multi-gram per metre results generated from the reconnaissance scale drill program, Arcus believes that additional drilling in 2018 is required at both the Rooibos and Kwazulu zones. Neither of these zones has been fully tested based on the wide spacing of the 2017 drill holes.

A 2018 program could also include the drill testing of the Bengal zone, the location of the highest gold-in-soil anomaly identified to date on the Dan Man property. The Bengal zone was not drill tested in 2017 as it exhibits a significantly higher level of structural complexity than the Rooibos and Kwazulu zones and additional surface work would be required prior to drilling.

A plan view map of the 2017 drill holes can be viewed on the Arcus website (www.arcusdevelopmentgroup.com).

Quality assurance and quality control procedures applied to the 2017 Dan Man program included the systematic insertion of blanks and standards into the drill cutting sample string. Samples were placed in sealed bags and shipped directly by chartered aircraft to the ALS Global preparatory laboratory in Whitehorse, Yukon. All samples from the 2017 program were processed using gold fire assay and ICP-AES analysis.

(ii) Touleary Property

The Touleary property is located immediately south of and adjacent to the Kinross Gold Corporation White Gold property. The Touleary property is the location of the first significant volcanogenic massive sulphide ("VMS") system identified in the White Gold District of Yukon Territory.

The VMS system at the Touleary was discovered by Arcus as part of a 2011 diamond drill program. The 2011 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.

Additional soil sampling and hand trenching programs were completed during the 2012 and 2013 field seasons. No field work has been carried out on the property since 2013.

In early June 2017, Arcus added 94 new mineral claims to its Touleary property. The new claims were acquired through staking following a reinterpretation of existing Touleary exploration data by Arcus. The new claims cover prospective VMS targets located in an existing gap between the Touleary property to the south and the White Gold property to the north. As recently announced, White Gold Corp. has completed the acquisition of the White Gold property from Kinross Gold Corporation (see White Gold Corp. news release dated June 14, 2017).

An updated property location map and a summary of all exploration results from work completed to date on the Touleary property can be viewed on the Arcus website (www.arcusdevelopmentgroup.com).

(iii) Technical Review

The technical information contained in this MD&A document has been reviewed by William A. Wengzynowski, B.A.Sc., P.Eng., a consultant to Arcus and a qualified person for the purposes of National Instrument 43-101.

EVENTS AFTER REPORTING PERIOD

No material event related to the affairs or the business of the Company has occurred subsequent to the three month period ended January 31, 2018.

ARCUS DEVELOPMENT GROUP INC.
1016 – 510 West Hastings Street
Vancouver, British Columbia
V6B 1L8
Tel: 604-687-2522
Trading Symbol: TSX-V: ADG
Web Site: www.arcusdevelopmentgroup.com

CORPORATE INFORMATION

Ian J. Talbot, North Vancouver, B.C.	President, Chief Executive Officer and Director
James Gray, Vancouver, B.C.	Chief Financial Officer and Director
Grant Longhurst, West Vancouver, B.C.	Independent Director
P. Gary Paulson, Prince George, B.C.	Independent Director
Marc Blythe, North Vancouver, B.C.	Independent Director
Rhonda Schultz, Maple Ridge, B.C.	Secretary

Registered Office
1200 – 750 West Pender Street
Vancouver, B.C. V6C 2T8

Transfer Agent
Computershare Investor Services Inc.
2nd Floor - 510 Burrard
Vancouver, B.C. V6C 3B9

Legal Counsel
Morton Law LLP
1200 – 750 West Pender Street
Vancouver, B.C. V6C 2T8

Auditors
D&H Group LLP
10th Floor
1333 West Broadway
Vancouver, B.C. V6H 4C1