ARCUS
DEVELOPMENT GROUP Inc.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED OCTOBER 31, 2021 (including subsequent events to December 28, 2021)

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 ended October 31, 2021 should be read in conjunction with the Arcus audited financial statements and related notes for the twelve months ended July 31, 2021 and the condensed interim financial statements and related notes for the three months ended October 31, 2021. All Arcus financial statements 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 copper, gold and silver) which can be sold at a profit to companies interested in placing such deposits into commercial production. Arcus currently holds a 100% interest in one early stage mineral exploration property 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.

OVERALL PERFORMANCE

Arcus currently holds a 100% interest in the Touleary mineral property located in the Dawson Mining District, Yukon Territory (the “Dawson Gold Project”). See “Property Transactions and Exploration” for additional information.

On March 11, 2020, the World Health Organization recognized the novel coronavirus (“COVID-19”) as a global pandemic. Arcus continues to evaluate the impact of the outbreak of COVID-19, which could create significant uncertainty for the company and its operations. Arcus operates in two Canadian jurisdictions, British Columbia and Yukon Territory. Travel between British Columbia and Yukon is largely unrestricted at the current time. However, effective November 8, 2021, a temporary state of emergency was declared by the Yukon Government in response to increasing COVID-19 infection rates. Under the state of emergency, certain social distancing and face masking requirements were imposed. Travel into the Yukon Territory has not been curtailed, but is discouraged unless essential.

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, 2021 ($)	**Year ended July 31, 2020 ($)**	**Year ended July 31, 2019 ($)**
General and administrative expenses	39,644	73,122	81,834
Property acquisition and exploration expenses	10,863	5,387	25,751
Loss for the year	50,507	78,509	107,585
Loss per share	0.00	0.00	0.00
Total assets	11,110	2,043	28,740

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 ($)
October 31, 2021	(25,052)	(0.00)	275,210
July 31, 2021	(12,717)	(0.00)	11,110
April 30, 2021	(12,785)	(0.00)	12,505
January 31, 2021	(7,071)	(0.00)	15,055
October 31, 2020	(17,934)	(0.00)	28,425
July 31, 2020	(5,376)	(0.00)	2,043
April 30, 2020	(16,528)	(0.00)	5,701
January 31, 2020	(29,400)	(0.00)	6,827

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 month period ended October 31, 2021, Arcus incurred a net loss of $25,052 ($0.00 per share), compared to a net loss of $17,934 ($0.00 per share) for the three month period ended October 31, 2020. The increase in the loss from the comparative period ended October 31, 2020 was attributable largely to costs incurred with respect to completion of the private placement described below.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital as of October 31, 2021 was approximately $154,000. This balance is inclusive of the proceeds of a $40,000 credit facility, received during the year ended July 31, 2021, as more fully described at note 10 to the financial statements. Arcus currently has no ongoing cash payment or share issuance obligations in respect of its Touleary mineral property interest.

On October 27, 2021, Arcus closed a 12,000,000 unit private placement (the "Offering") for gross proceeds of $300,000. The Offering was non-brokered and the units were sold at a price of $0.025. Each unit consisted of one Arcus common share and one share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one Arcus common share at a price of $0.05 per share at any time on or before October 27, 2023.

In connection with the Offering, Arcus paid a cash finders' fee of $14,200 and issued 568,000 finders' warrants to Research Capital Corporation. Each of the finders' warrants entitles the holder to purchase one Arcus common share at a price of $0.05 per share at any time on or before October 27, 2023.

All of the securities issued as part of the Offering, including any Arcus shares that may be issued pursuant to the exercise of the Warrants and the finders' warrants, are subject to a hold period in Canada until February 28, 2022.

The impacts of the COVID-19 pandemic initially resulted in a broad equity market collapse from which some sectors have recovered. The mining sector has been variously impacted by the price of nearly all metals, however, the prices of copper, except gold and silver are near all-time highs. Prior to the pandemic, mineral exploration activities were at low levels and global investors were reluctant to make large investments in the securities of junior exploration companies. The uncertainty caused by the COVID-19 pandemic has generally reinforced this trend, but the sharp rise in precious and semi-precious metal prices has stimulated renewed interest in companies working on copper, gold and silver projects. Financing availability for companies exploring for these commodities has improved, but there can be no assurance that general market prices for securities of mineral exploration companies will improve significantly in the short, intermediate or long term.

(a) Share Capital Information

Shares

The authorized share capital of Arcus consists of an unlimited number of no par value common shares. As at October 31, 2021, there were 73,878,065 issued and outstanding common shares. As of December 28, 2021, there were 73,878,065 issued and outstanding common shares. See "Liquidity and Capital Resources" for additional information related to share capital.

Stock Options

As of October 31, 2021, the following incentive stock options were outstanding:

Number of Options Outstanding	Expiry Date	Exercise Price
3,600,000(1)	January 23, 2022	$0.14
250,000(2)	September 13, 2022	$0.16

(1) Incentive stock options granted to Arcus officers and directors on January 23, 2017.
(2) Incentive stock options granted to a consultant of Arcus on September 13, 2017.

No stock options have been granted subsequent to October 31, 2021.

Share Purchase Warrants

As of December 28, 2021, Arcus has 12,568,000 share purchase warrants outstanding. These warrants were issued as part of a unit offering completed on October 27, 2021. See "Liquidity and Capital Resources" for additional information related to outstanding share purchase warrants.

(b) Off-Balance Sheet Arrangements

Arcus does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

(a) Management Services

No fees for management services were paid to Ian Talbot ("Talbot"), the Arcus President and Chief Executive Officer during the three month period ended October 31, 2021.

(b) Geological Consulting Services

No fees for geological consulting services were paid to Talbot during the three month period ended October 31, 2021.

(c) Administrative Services

No fees for administrative services were paid to De Visser Gray LLP Chartered Accountants ("De Visser Gray"), a firm in which James Gray ("Gray"), a director and the Chief Financial Officer of Arcus, is a partner, during the three month period ended October 31, 2021.

(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.

(e) Advances

At October 31, 2021 the Company owes a private company controlled by Gray an aggregate of $40,000 and Talbot $26,250 for advances, all of which are non-interest bearing and due on demand with no fixed terms of repayment, for general working capital purposes. On November 23, 2021, all advances were repaid in full, without interest.

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.

(h) Impact of Epidemics

All of the Company's operations are subject to the risk of emerging infectious diseases including COVID-19. Any outbreak or threat of an outbreak of a virus or other contagions or epidemic disease could have a material adverse effect on the Company's business and financial condition.

MANAGEMENT AND BOARD OF DIRECTORS

There were no changes to the Arcus board of directors or management during the three month period ending October 31, 2021 and there have been no changes subsequent to October 31, 2021.

PROPERTY TRANSACTIONS AND EXPLORATION

Touleary Property

Arcus holds a 100% interest in the Touleary property, located in the White Gold District of Yukon Territory, approximately 100 km south of Dawson City. The Touleary property is the location of the first significant volcanogenic massive sulphide ("VMS") system identified in the White Gold District of

Yukon Territory and is located immediately south of and adjacent to White Gold Corp.'s White Gold property.

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. All five holes encountered massive sulphide intervals of varying thickness and copper, gold and silver grades.

Additional soil sampling and hand trenching programs were completed during the 2012 and 2013 field seasons on separate targets approximately 8 km south of the VMS drill discovery. No field work has been carried out on the property since 2013.

In June of 2017, Arcus added 94 mineral claims to the Touleary property. The new claims were acquired through staking following a reinterpretation of existing Arcus exploration data. On April 29, 2019, 150 quartz mining claims forming the western most portion of the Touleary property were allowed to lapse. The abandoned claims had received minimal work by Arcus and the exploration potential was not considered significant enough to warrant the costs required to maintain the claims going forward.

No work was carried out on the Touleary property during 2020 as a result of inadequate financial resources and travel restrictions in Yukon Territory related to the COVID-19 pandemic. The amount and scope of any work on the property in 2021 will be largely dependent upon available financing and applicable COVID-19 related travel restrictions in Yukon Territory.

No work was carried out on the Touleary property during 2020 or 2021 as a result of inadequate financial resources and travel restrictions in Yukon Territory related to the COVID-19 pandemic. The amount and scope of any work on the property in 2022 will be largely dependent upon available financing and applicable COVID-19 related travel restrictions in Yukon Territory.

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.

SUBSEQUENT EVENTS

Except as otherwise already noted, there have been no material events subsequent to October 31, 2021.

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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
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