MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS AND THE SIX MONTHS ENDED JANUARY 31, 2023 (including Subsequent Events to March 28, 2023)

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, 2023 should be read in conjunction with the Arcus audited financial statements and related notes for the twelve months ended July 31, 2022 and the condensed interim financial statements and related notes for the six months ended January 31, 2023 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 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.

Effective March 15 2023, the Arcus exchange listing was transferred to the NEX board of the TSX Venture Exchange. The common shares of Arcus currently trade under the symbol ADG.H. The listing transfer occurred as a result of the Company's failure to meet the activity requirements for a TSX Venture Exchange Tier 2 company in accordance with TSX Venture Exchange Policy 2.5.

The Company name has not changed, there has been no change to its CUSIP number and no consolidation of capital has occurred. Arcus continues to review financing opportunities that will qualify it to return to the TSX-V exchange.

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 monitor 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 unrestricted at the current time.

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, 2022 ($)	**Year ended July 31, 2021 ($)**	**Year ended July 31, 2020 ($)**
General and administrative expenses	51,537	39,644	73,122
Property acquisition and exploration expenses	9,232	10,863	5,387
Loss for the year	60,769	50,507	78,509
Loss per share	0.00	0.00	0.00
Total assets	158,114	11,110	2,043

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, 2023	(12,265)	(0.00)	127,971
October 31, 2022	(21,120)	(0.00)	144,722
July 31, 2022	(4,030)	(0.00)	158,114
April 30, 2022	(19,125)	(0.00)	161,394
January 31, 2022	(12,562)	(0.00)	187,208
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

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 January 31, 2023, Arcus incurred a net loss of $12,265 ($0.00 per share), compared to a net loss of $12,562 ($0.00 per share) for the three month period ended January 31, 2021. The change in the amount of the loss from the comparative period ended January 31, 2022 was immaterial.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital as of January 31, 2023 was approximately $82,171. This balance is net of the proceeds of a $40,000 term loan, received during the year ended July 31, 2021, as more fully described at note 11 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 million 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.

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 January 31, 2023, there were 73,878,065 issued and outstanding common shares. As of March 28, 2023, there were 73,878,065 issued and outstanding common shares.

Stock Options

The Company had no incentive stock options outstanding as of January 31, 2023 or March 28, 2023.

Share Purchase Warrants

As of January 31, 2023, Arcus had 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 January 31, 2023 or January 31, 2022.

(b) Geological Consulting Services

No fees for geological consulting services were paid to Talbot during the three month period ended January 31, 2023 or January 31, 2022.

(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 January 31, 2023 or January 31, 2022.

(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.

(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 January 31, 2023. At the Arcus General Meeting held on February 23, 2023, Graham Downs was elected as a new director of the Company. The incumbent five directors were also all re-elected by the Arcus shareholders.

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. 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.

Subject to available financing, Arcus has designed a reverse circulation ("RC") drill program for the 2023 field season. The program will drill test eight of 13 priority stand-alone targets identified on the Touleary property. The cost of the proposed 2023 program has been budgeted at approximately $1 million.

The thirteen targets identified at the Touleary property are located within an area approximately 8 x 12 kilometers. The original 2011 VMS discovery is located at the northeastern end of the target area. The targets have been identified on the basis of coincident soil and rock geochemistry, airborne magnetics and VTEM (versatile time-domain electromagnetic) surveys. With thirteen discrete targets located within the project area, the Touleary property is believed to host a potential VMS district and not just the single discovery occurrence identified during the 2011 drill campaign.

The proposed 2023 drill program will test the eight highest priority targets and will consist of a total of 18 drill holes. Two to three widely spaced holes will be strategically located to test each target based on the intensity of the combined geochemical and geophysical anomalies. Several of the targets may represent VMS vent complexes.

Arcus holds a Class 3 Quartz Mining Land Use Approval (permit), valid for work on the Touleary property until August of 2026.

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

The Arcus Annual General Meeting was held in Vancouver, British Columbia on February 23, 2023. The Arcus shareholders voted overwhelmingly in favour of all items put forward by the board of directors and management. The items approved by the shareholders were:

- setting the number of directors at six (6);
- the election of the six nominees to the Arcus board of directors, namely Ian Talbot, James Gray, Gary Paulson, Grant Longhurst, Marc Blythe and Graham Downs;
- the ratification of the appointment of D&H Group LLP as Auditors of Arcus for the ensuing year; and
- the ratification of the Arcus incentive stock option plan.

A total of 20,959,610 Arcus shares were voted, representing 28.37% of total shares issued and outstanding as at the record date of the meeting.

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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
Graham Downs, Squamish, B.C.	Independent Director
Rhonda Schultz, Maple Ridge, B.C.	Secretary

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