

**ARCWEST EXPLORATION INC.**  
**Management Discussion and Analysis**  
**For the nine months ended September 30, 2019**

This management discussion and analysis of financial position and results of operations (“MD&A”) is prepared as at November 29, 2019 and should be read in conjunction with the unaudited interim financial statements for the three and nine months ended September 30, 2019 of ArcWest Exploration Inc. (the “Company” or “ArcWest”), together with the audited financial statements of the Company for the year ended December 31, 2018, as well as the accompanying MD&A for the period then ended (the “Annual MD&A”).

The referenced unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, “Interim Financial Reporting”, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the IFRS Interpretations Committee (“IFRIC”).

The Company’s critical accounting estimates, significant accounting policies and risk factors as disclosed in the Annual MD&A have remained substantially unchanged and are still applicable to the Company unless otherwise indicated.

In this discussion, unless the context requires otherwise, references to “we” or “our” are references to ArcWest Exploration Inc.

#### **Forward Looking Statements**

This Management’s Discussion and Analysis (“MD&A”) contains certain statements, other than statements of historical fact that are forward-looking statements which reflect the current view of the Company with respect to future events including corporate developments, financial performance and general economic conditions which may affect the Company. The forward-looking statements in this MD&A include, but are not limited, to: the exploration status of our Oweegee, Todd Creek, Oxide Peak, Eagle, Rip, Teeta Creek, Huckleberry and Sparrowhawk properties; related commitments and timelines for development of these properties; and future funding requirements for the Company. Forward-looking statements are included, but are not limited to, those statements set out in this MD&A under Description of Business and Overall Performance, Future Plans and Outlook, Future Changes in Accounting Policies and Risks and Uncertainties.

We have based these forward-looking statements largely on our current expectations, projections and assumptions made based on our experience, perception of historical trends, the current business and financial environment. Key assumptions upon which the forward-looking statements are based include the following:

- a) If required, the Company will be able to secure additional financial resources;
- b) Key personnel will continue their positions with the Company;
- c) We will be able to enter into partnerships and/or complete exploration programs on our properties.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Risks that could cause actual results to differ from current expectations include: our inability to complete the Proposed Transaction; general economic and financial market conditions; inability to raise capital; and; retaining key directors.

Except as may be required by applicable law or stock exchange regulation, we undertake no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements. If we do update one or more forward-looking statements, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements. Additional information relating to our Company is available by accessing the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **Description of Business**

ArcWest Exploration Inc. (formerly Sojourn Exploration Inc.) (“ArcWest” or “the Company”), was incorporated under the Business Corporations Act (British Columbia) on December 23, 2010 and is a corporation listed publicly on the TSX Venture Exchange (“TSX-V”). On February 28, 2019, the Company changed its name to ArcWest Exploration Inc. and is now trading on the TSX Venture Exchange under the new stock symbol “AWX”.

The registered and records office of the Company is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8. The head office of the Company is located at 2300-1177 West Hastings Street, Vancouver, BC V6E 2K3.

ArcWest is engaged in mineral exploration and is moving to a “prospect generator” business model initially focused on securing exploration properties of exceptional merit in the highly-prospective Golden Triangle region of British Columbia. ArcWest plans to provide geological expertise and funding to efficiently build value in these properties and use joint ventures to build resources through the more expensive drilling stages.

## **Todd Creek Property**

The 34,700 hectare Todd Creek Property is located 30 km north-northeast of Stewart and focused on a 3 by 12 kilometre trend of alteration with copper-gold and polymetallic showings. Extensive gossans, numerous untested Au-Cu porphyry/epithermal and high grade polymetallic/VMS targets on the property are hosted in and around an arc-scale structure within the Hazelton Group. The property hosts an apparent copper-gold enriched core containing the Yellow Bowl, Ice Creek, Fall Creek and South zones. This corridor is flanked by zones of zinc-silver-barite enrichment in the Orange Mountain, Waterfall, Knob, VMS, and Pyrophyllite zones.

Most historical drilling has been shallow and focused on the South and Fall Creek zones, near the periphery of the copper-gold core. Highlights include:

### Fall Creek Zone

- DDH88-22 – 12.65 metres grading 7.61 g/t Au and 1.58% Cu

### Ice Creek Zone

- DDH88-47 – 13.00 metres grading 2.73 g/t Au and 0.59% Cu

### South Zone

- DDH88-19 – 29.75 metres grading 3.61 g/t Au and 0.27% Cu

A historical, non-compliant resource has been published for the South Zone by Hemlo Gold Mines in a 1988 annual report and totals 207,000 tonnes averaging 5.48 grams per tonne gold with some copper credits. This resource was generated prior to the establishment of the National Instrument 43-101 and has not been verified by ArcWest.

## **Willoughby Property**

The Willoughby Property lies 25 kilometres east-northeast of Stewart and consists of three mineral tenures totaling approximately 1,032 hectares. The property is underlain by Lower Jurassic Hazelton Group volcanoclastics and intruded by interpreted Lower to Middle Jurassic monzodiorites to granodiorites.

The property has a long exploration history including two phases of diamond drilling centred on four distinct zones. Eighty-nine surface holes totaling 9,917.9 metres and 30 underground holes totaling 2,383.2 metres include the following highlights:

### North Zone

- NZ89-06 – 20.5 metres grading 24.99 g/t Au and 184.22 g/t Ag
- NZ89-08 – 7.8 metres grading 1.58 g/t Au and 78.59 g/t Ag
- NZ94-15 – 11.7 metres grading 40.11 g/t Au and 109.71 g/t Ag
- NZ94-27 – 12.2 metres grading 10.94 g/t Au and 27.42 g/t Ag
- NZ95-36 – 2.9 metres grading 383 g/t Au and 213.6 g/t Ag

- NZ96-U2 – 3.5 metres grading 132.0 g/t Au and 2,671.2 g/t Ag
- NZ96-U8 – 1.7 metres grading 2.26 g/t Au and 211.5 g/t Ag

#### Main Zone

- MZ89-04 – 10.5 metres grading 7.56 g/t Au and 45.9 g/t Ag
- MZ89-02 – 13.5 metres grading 1.76 g/t Au and 3.74 g/t Ag
- MZ95-51 – 5.9 metres grading 16.32 g/t Au and 53.83 g/t Ag
- MZ95-53 – 13.0 metres grading 13.37 g/t Au and 63.43 g/t Ag

#### Willoughby Zone

- WZ89-11 – 25.5 metres grading 2.46 g/t Au and 10.39 g/t Ag

#### Edge Zone

- EZ89-13 – 7.5 metres grading 1.47 g/t Au and 1.12 g/t Ag

Fourteen surface holes totaling 1727.0 metres were drilled by Bond Gold Canada Inc. in 1989. Selected 1989 results were reported in the Millrock Resources Inc. 10-June-2016 News Release, while all 1989 results can be found in British Columbia Ministry of Energy and Mines Assessment Report 19474. The 1994 through 1996 drilling campaigns were completed by Camnor Resources Ltd.: 17 surface holes totaling 1743.9 metres in 1994; 27 surface holes totaling 2985.4 metres in 1995; and 31 surface holes totaling 3461.7 metres and 30 underground holes totaling 2383.2 metres in 1996. Selected 1994 and 1995 results were reported in the same Millrock Resources Inc. 10-June-2016 News Release. The complete 1994 results can be found in British Columbia Ministry of Energy and Mines Assessment Report 23674. The complete 1995 results can be found in British Columbia Ministry of Energy and Mines Assessment Report 24169. The 1996 results came from an unpublished annual report for Camnor Resources Ltd.

Mineralization consists of pods, lenses and branching bodies of semi-massive to massive pyrite, pyrrhotite, sphalerite, arsenopyrite, chalcopyrite and galena. Gold mineralization is associated with the pyrite, pyrrhotite, galena, bismuth-telluride and silver-telluride. Intense alteration halos consisting of sericite, chlorite, silica, pyrite and carbonate envelope mineralization.

Subsequent airborne EM surveys highlighted known mineralization and located similar anomalies under glacial cover that is now receding. Ice cover has dramatically receded since the last major exploration efforts of the 1990's and, as with other properties in the Golden Triangle, there is the potential for the discovery of new and significant targets as a result of this trend.

On March 14, 2019 the Company entered into a definitive agreement to sell the Willoughby Property to Strikepoint Gold Inc. The transaction closed on April 17, 2019.

#### **Oweegee Property**

The Oweegee Property lies 80 kilometres northeast of Stewart and consists of 47 mineral tenures covering 31,077 hectares. The property is hosted in the Stikine terrane and is underlain by the lower Jurassic Hazelton Group, the late Triassic Stuhini Group and the Devono-Mississippian Stikine Assemblage which are exposed in a north-trending anticline; the 'Oweegee Dome'. The anticline exists in an inlier of older stratigraphy surrounded by middle Jurassic aged Bowser Lake group sediments. Mapping by the British Columbia Geological Survey has identified the unconformable contact between the Triassic Stuhini Group and the Jurassic Hazelton Group as one key targeting feature for porphyry and related deposits within the Golden Triangle. The Oweegee Property contains this contact zone.

The property has a long exploration history including airborne geophysics, ground sampling and diamond drilling, with the ground surveys and shallow drilling focused on the two-kilometre long A Zone Deltaic Grid porphyry target. Drilling highlights from the 8 surface holes totaling 2,220.5 metres include:

- DDHDC07-03 – 138.67 metres grading 0.189 g/t Au and 0.074% Cu, including
  - 17.14 metres grading 0.468 g/t Au and 0.11% Cu and
  - 17.08 metres grading 0.140 g/t Au and 0.17% Cu
- DDHDC96-02– 80.1 metres grading 0.248 g/t Au and 941 ppm Cu and
  - 24.4 metres grading 0.262 g/t Au and 0.16% Cu

Five surface holes totaling 1195.7 metres were completed by Viceroy Resource Corporation in 1996. The complete 1996 results can be found in British Columbia Ministry of Energy and Mines Assessment Report 24867. Three surface holes totaling 1024.8 metres were completed in 2007 by Weekes Investment Group, a private corporation. The complete 2007 results can be found in British Columbia Ministry of Energy and Mines Assessment Report 30126.

Magnetic surveys indicate mineralization correlates with a large aeromagnetic low, a typical porphyry deposit setting. Several additional airborne geophysical anomalies have been located throughout the large property and remain largely untested.

On October 29, 2018, the Company signed a binding agreement with Seabridge Gold Inc. (“Seabridge”) to sell a 100% interest in two of its mineral claims situated in northwest British Columbia in exchange for Seabridge transferring CDN\$500,000 in Portable Assessment Credits (the “PAC Credits”). These mining claims did not represent a significant value of the Oweegee property as a whole and therefore did not affect the value of the capitalized costs of the mineral property.

### **Oxide Peak Property**

The Oxide Peak Property covers 3359 hectares and is located in the northern Toodoggone District, where B.C.’s largest concentration of high level porphyry lithocap environments exists. Freeport-McMoRan is exploring the neighbouring JD Property and Hudbay Minerals is exploring the nearby the Pine/Mex projects. Centerra Gold has recently acquired the resource stage Kemess Project. Oxide Peak covers two extensive exposed porphyry systems that have not received geophysics or drilling despite widespread high grade Cu-Au quartz veins (up to 43 g/t Au, >2% Cu) in volcanic and high level intrusive rocks.

### **Eagle Property**

The Eagle Property (2530 ha) lies midway between the Mt. Milligan mine (Centerra Gold) and the Kwanika Cu-Au deposit (Serengetti Resources Inc.), and surrounds Altius Minerals’ Gibson Project, and may contain on-strike extensions of Au-Ag bearing structures hosted within it. The Eagle Property straddles the margin of the Hogen Batholith adjacent to a prominent arc-normal structural feature and is underlain by one of the most prominent magnetic highs in the region. Porphyry style Cu-Au-Ag mineralization is hosted in dioritic intrusive rocks and breccias and is associated with variable potassic, calc-potassic and propylitic alteration. Historical geological mapping and sampling at Eagle has outlined a 0.8 by 3 km corridor of Cu-Au mineralization and widespread anomalous copper in soils. Historical drilling of the two targets intersected significant intervals of high grade Cu-Au mineralization, including 27.28 m of 0.87% Cu, 0.32 g/t Au and 3.85 g/t Ag in drill hole EA91-06.

### **Rip Property**

The Rip Property (2308 ha) is a porphyry Cu-Mo±Au prospect located in the Skeena Arch approximately 60 km south of Houston. The project is hosted by interpreted Late Cretaceous porphyries intruding interpreted Hazelton Group volcanics and sedimentary rocks. The property is in a productive part of the arch, containing past producers (Huckleberry, Silver Queen, Equity) and significant resources (Berg, Poplar, Seel/Ox). Previous work by Kennco (1975-81) outlined a 2.2 by 0.6 to 1.2 km untested target, with coincident high chargeability, anomalous Cu and Mo, and strong quartz-sericite-pyrite alteration and quartz stockwork.

## **Teeta Creek Property**

The Teeta Creek Property (2472 ha) is located 5 km west of Port Alice on Vancouver Island and covers a Cu-Mo porphyry system with historical drill intercepts (0.35% Cu over 67 m, drill hole S75-1). Freeport McMoRan has optioned the nearby Pemberton Hills Porphyry Cu-Au Project. At Teeta Creek, porphyry-style mineralization in new exposures on recent logging roads has been located over 750 meters from the intersection in drill hole S75-1, and has not been closed off. In addition, significant alteration and copper mineralization has been mapped about 450 meters in the opposite direction from S75-1.

## **Sparrowhawk Property**

The road accessible Sparrowhawk Property is now 9,913 hectares and is strategically located in the Babine Porphyry Copper District adjacent to Glencore Canada's past producing Bell and Granisle open pit mines and Pacific Booker's advanced stage Morrison Property. Initially, 2,741 hectares were acquired from vendor Rolland Menard, followed by an additional 7,172 hectares acquired by staking. The Bell Mine was operated by Noranda between 1972 and 1992 and produced 77.2 Mt (million tonnes) of ore averaging 0.39% Cu (copper) and 0.16 g/t Au (gold). The Granisle Mine, located 8 kilometers south of the Sparrowhawk property, operated between 1966 and 1982 and produced 57.2 Mt of ore averaging 0.41% Cu and 0.13 g/t Au. The Sparrowhawk Property is 11 kilometers southeast of the Morrison copper deposit, with a proven and probable reserve of 224.25 Mt with an average grade of 0.33% Cu, 0.163 g/t Au and 0.004% Mo (molybdenum).

The Sparrowhawk Property is underlain primarily by Early Jurassic Hazelton Group volcanic rocks and intrusive suites of Early Jurassic, Late Cretaceous and Eocene ages. Faults connected to the regional Skeena Arch structural trend transect the area and are known controls at neighbouring deposits. Porphyry copper-gold deposits of the Babine District are associated with small plugs and dykes of Eocene Biotite-Feldspar (BFP) and Quartz-Feldspar (QFP) porphyry which are emplaced primarily along two major north-northwest trending structural breaks (i.e., the Newman and Morrison faults). Both of these significant mineralized structures cross the Sparrowhawk property.

## **Huckleberry Property**

Arcwest staked 2,525 hectares on the northern boundary of Imperial Metals past producing Huckleberry copper-gold-molybdenum mine located 85 km southwest of Houston BC. The staked mineral claim boundary is approximately 1.5 km from the Huckleberry East Zone open pit and contains two known porphyry-style copper-molybdenum-gold showings named the Suss (MINFILE 093E 086) and the Wee (MINFILE 093E 087). Exploration completed by previous explorers as early as 1973 targeted coincident anomalous copper-gold-molybdenum-silver-lead-zinc values with several shallow percussion drill holes. Only one drill hole intercepted bedrock which returned weak copper values and strong alteration.

The Huckleberry property is underlain by Early Jurassic Telkwa Formation volcanic rocks of the Hazelton Group and discrete stocks of Late Cretaceous Bulkley Intrusions. Telkwa Formation rocks typically consist of maroon, green and purple subaerial andesitic to dacitic feldspar phyric flows, pyroclastic and epiclastic rocks, augite phyric to aphyric basalt, breccia, welded tuff of calc-alkaline composition. The Bulkley Intrusive suite typically consist of equigranular, crystalline, biotite-hornblende quartz-diorite and diorite.

The neighbouring past producing Huckleberry mine opened in 1997 and ceased operations in August 2016 and remains on care and maintenance.

*Investors are cautioned that ArcWest has not verified the historic data from the any of the Todd Creek, Willoughby, Oweegee, Oxide Peak, Eagle, Rip, Sparrowhawk or Teeta Creek properties. The true widths of any of the properties' drill intersections are unknown at this time.*

*Historical assays have not been verified by ArcWest but have been cited from sources believed to be reliable. ArcWest's disclosure of a technical or scientific nature has been reviewed and approved by Jeff Kyba, PGeo, Vice President Exploration, who serves as a Qualified Person under the definition of National Instrument 43-101.*

## **Northern Vancouver Island Property**

Recent exploration by AWX within a recently identified Miocene porphyry copper-gold belt on northern Vancouver Island has resulted in the discovery of a significant new porphyry copper occurrence. The recently staked NVI property covers an undated, multiphase, porphyritic intrusive complex of predominantly dioritic composition which cross cuts Middle to Upper Triassic mafic volcanic rocks of the Karmutsen Formation. The discovery showing comprises roadside exposures of fine grained, sugary textured diorite porphyry which contain early, anastomosing magnetite-chalcopyrite veins cross cut by wavy, quartz-magnetite-chalcopyrite +/- bornite veins. Disseminated magnetite-chalcopyrite is present within the matrix, largely as a replacement of mafic phenocrysts. Mirolitic cavities locally comprise up to 20% of the rock, and in places, contain the same hydrothermal mineral assemblage as the stockwork veins, including quartz, magnetite, chalcopyrite and trace bornite. Copper bearing stockwork has been mapped and sampled over a 115 meter distance before outcrop disappears under cover. The zone reappears in roadbed subcrop approximately 200 meters to the north, where additional mineralized phases are readily apparent, including strongly quartz-sericite-pyrite altered feldspar-biotite porphyry with relict potassic alteration in the form of chalcopyrite after mafic phenocrysts. Kirwin (2006) and others suggest that the presence of strongly copper mineralized mirolitic cavities is significant in porphyry copper exploration. They indicate that metals including copper have been retained and deposited in the nearby cupola or near-cupola environment. Further mapping and geochemical sampling to evaluate the prospectivity of the NVI property for hosting significant porphyry copper-gold mineralization is planned for the coming months. Assay results for grab samples collected during the previous program are pending.

**Activities for the nine months ended September 30, 2019 (including subsequent events to November 29, 2019).**

### ***Sale of Willoughby Property to Strikepoint***

On April 17, 2019, the Company completed the previously announced Strikepoint Agreement (the "Strikepoint Agreement") with Strikepoint Gold Inc. ("Strikepoint") with respect to the acquisition by Strikepoint of 100% of the Willoughby Property. The terms of the Strikepoint Agreement include:

- A cash payment \$85,000 and 3,000,000 common shares (paid and issued by Strikepoint);
- The Company retains a 1.5% net smelter return royalty, which can be reduced by Strikepoint to 0.5% for an additional cash payment of \$1,000,000.

### ***Purchase of Eagle Property Claims***

On March 5, 2019, the Company signed a purchase agreement (the "Eagle Property Agreement") to acquire three additional claims to consolidate 100% of the Eagle Property located in northwestern British Columbia. Under the terms of the Agreement, ArcWest acquired a 100% interest in the Property by making a cash payment of \$5,000 and issuing 100,000 common shares (paid and issued subsequent to year end).

### ***Purchase of Sparrowhawk Property***

On February 26, 2019, the Company signed a purchase agreement (the "Purchase Agreement") to acquire 100% of the Sparrowhawk Property located 65 kilometres northeast of Smithers in north-central British Columbia. Under the terms of the Purchase Agreement, the Company acquired 100% interest in the property by issuing 87,000 common shares to the vendor and paying \$5,000 cash (issued and paid subsequent to year end). The property will be subject to a 1% NSR which can be purchased by the company for \$2,000,000.

### ***Staking of Huckleberry Claims***

On January 30<sup>th</sup>, 2019, ArcWest staked 2525 hectares of mineral claims immediately north of the Imperial Metals past producing Huckleberry copper mine located 85 kilometres southwest of Houston BC. The claims cover known porphyry-style copper -molybdenum-gold mineral showings including the Suss (MINFILE 093E 086) and the Wee (MINFILE 093E 087).

### ***Staking of additional Teeta Creek claims***

On April 16<sup>th</sup> 2019, ArcWest staked additional 926 hectares of mineral claims immediately adjoining their 100% owned Teeta Creek property located 5 kilometres west of Port Alice on northern Vancouver Island.

### ***Staking of additional Oxide Peak claims***

On July 26<sup>th</sup>, 2019, ArcWest announced the expansion of its Oxide Peak Copper-Gold Porphyry Project in the Toodoggone goldcopper district, northern British Columbia. Recently completed staking has resulted in a significant expansion of the project area from 3359 to 8211 Hectares. The new claims extend the property from north of the Toodoggone River to Talisker Resources' BakerShasta gold mine property to the south, a distance of 11.6 kilometers. Highlights of the new acquisition include:

- 100% ownership of the southern extension of the prospective Oxide Peak - JD – McClair alteration system, currently being explored for porphyry copper-gold on neighbouring, third party owned mineral claims to the north by mining giant Freeport-McMoRan.
- Silicification and gossanous alteration along Saunders Creek south of the Toodoggone River is associated with significant gold anomalies with up to >10 grams per tonne (g/t) gold (Au) in stream sediments and 2.8 g/t Au in soils.
- Widespread copper (Cu) mineralization has been delineated over a 2.1 kilometer long zone crossing three ridges, with grab sample assays up to 9.5%, 2.12% and 1.23% Cu. Mineralization is hosted by epidote-chlorite, K-feldspar and quartzsericite-pyrite altered volcanics locally cut by quartz stockworks. Note that grab samples are selective by nature and may not be representative of actual grades or styles of mineralization across the property.

### ***Staking of Northern Vancouver Island claims***

On August 23, 2019, the Company has staked the discovery of a significant new porphyry copper occurrence within a recently identified Miocene porphyry copper-gold belt on northern Vancouver Island.

### ***Teeta Creek Earn-In Agreement***

On October 15, 2019, the Company has entered into an agreement with Teck Resources Limited ("Teck") to explore the Teeta Creek property in northern Vancouver Island, British Columbia. Teck can earn an initial 60% interest in the Property by funding over a three-year period cumulative exploration expenditures and cash payments of \$3,000,000 and \$250,000, respectively, including a minimum of 1,000 meters of drilling. A minimum exploration expenditure of \$500,000 is required before December 31st, 2020.

### **Exploration Programs Conducted in Q3 2019 (including subsequent events to November 29, 2019)**

#### **Eagle and Sparrowhawk**

On August 23<sup>rd</sup>, 2019, ArcWest announced results of reconnaissance geological mapping and rock geochemical surveys on its Eagle and Sparrowhawk porphyry copper-gold (Cu-Au) projects, central British Columbia, as well as the acquisition of a newly discovered porphyry Cu prospect on northern Vancouver Island east of its Teeta Creek Cu-Au Project. Rock geochemical samples were select grabs from outcrops across the property. Highlights include:

- High grade Cu-Au lenses typical of alkalic porphyry systems were sampled over a mineralized strike length of 2.7 kilometers at the Eagle Project, including multiple grab samples over 1% Cu and 1 g/t Au.
- Two important Cu mineralized trends (DCA and Sparrowhawk) were delineated at the recently acquired Sparrowhawk Project in the Babine Porphyry Belt, indicating significant potential for buried porphyry systems in downdropped fault blocks on the west side of the property.

### **Oweegee**

On July 20<sup>th</sup> 2019, ArcWest geologists completed a three day reconnaissance exploration program at the 31,077 hectare Oweegee project. Teams followed up prioritized areas of interest based on historic geochemistry and geophysics. Results of the short program have added valuable geological insights and demonstrated the need for a larger work program in order to cover the large property.

### **Todd Creek**

On July 24<sup>th</sup> 2019, ArcWest geologists began a one week exploration program at their 34,700 hectare Todd Creek property. Activities included prospecting, mapping, and relogging select historical drill core.

Prospecting and mapping in the Yellow Bowl area revealed additional zones of copper-gold mineralization which support management's concept that copper-gold mineralization is semi-continuous for at least six kilometers on the western side of the Todd Creek valley. Rock chip sample results from infill areas at the Yellow Bowl zone returned values up to 1.52% Copper and 0.57 g/t gold. Strong copper-gold mineralization has now been delineated over a 0.7 by 1.2 km area.

Historic drill core from hole FC-06-01A recovered from the Ice Creek zone located approximately two kilometers north of Yellow Bowl, was noted to contain porphyry-style veins which were not recognized by previous workers. These veins indicate the presence of a porphyry copper-gold system which has never been properly tested. Additional porphyry style veins were also recognized in drill hole AM-07-01 which is located on Orange Mountain, approximately five kilometres north of Yellow Bowl.

Prospecting and mapping completed at the VMS zone resulted in the discovery of the VMS West Zone. The new discovery contains several lenses of massive sulfide located about 500 metres southwest of the original VMS zone discovered in 2008. Geochemical results indicate the discovery hosts copper-gold enriched massive sulfide lenses containing up to 2.05 g/t gold and 1.21% copper.

*Note that grab samples are selective by nature and may not be representative of actual grades or styles of mineralization across the property.*

*Historical assays have not been verified by ArcWest but have been cited from sources believed to be reliable. ArcWest's disclosure of a technical or scientific nature has been reviewed and approved by Jeff Kyba, PGeo, Vice President Exploration who serves as Qualified Person under the definition of National Instrument 43-101.*

### **Future Plans and Outlook**

ArcWest's plan is to become a pre-eminent North American project generator, with an initial focus on British Columbia and its highly prospective Golden Triangle properties but also in other highly prospective porphyry copper belts in BC such as Stikinia and Quesnellia. ArcWest believes its properties represent some of the most prospective targets available in BC. ArcWest will provide geological expertise and funding to efficiently build value in its properties. Exploration activities planned for the 2019 season include programs at the Todd Creek, Oweegee Dome, Sparrowhawk, Eagle and Rip properties.

## Results of Operations

For the three months ended September 30, 2019, the Company incurred a comprehensive loss of \$319,190 or a loss of \$0.01 per share. The loss for the three months ended September 30, 2018 was \$103,057 or a loss of \$0.00 per share.

## Selected Financial Information

The following table represents selected financial information for the Company's three-month periods ended September 30, 2019 and 2018:

### *Selected Statement of Operations Data*

|                                     | Three months ended September 30 |            |
|-------------------------------------|---------------------------------|------------|
|                                     | 2019                            | 2018       |
| Comprehensive Loss                  | \$319,190                       | \$103,057  |
| Weighted Average Shares Outstanding | 60,725,366                      | 28,401,913 |
| Loss per Share                      | \$(0.01)                        | \$(0.00)   |

The Company incurred a loss of \$319,190 (\$0.01 per share) for the three months ended September 30, 2019 compared to a loss of \$103,057 (\$0.00 per share) for the three months ended September 30, 2018. The \$216,133 increase in comprehensive loss for the three months ended September 30, 2019 compared to the three months ended September 30, 2018 was primarily a result of the following expenses:

Investor relations \$83,333 (2018 - \$30,598) – The investor relations costs have increased during the three months ended September 30, 2019 as the Company increased its marketing and investor relations activities.

Professional fees - \$21,385 (2018 - \$6,881) – The professional fees costs increased during the three months ended September 30, 2019 as the Company increased its corporate activity.

Share-based payments - \$85,593 (2018 - \$nil) – 5,550,000 and 480,000 stock options were granted to officers, directors, and consultants on October 22, 2018 and April 2, 2019 respectively. This resulted in a share-based payment expense for Q3 2019 related to the vesting of these options over the period. No options vested over the prior year period.

Loss on marketable securities - \$75,022 (2018 - \$nil) – On April 17, 2019, the Company completed the sale of Willoughby property to Strikepoint Gold Inc and was issued 3,000,000 common shares. These shares are held as FVTPL securities and all gains and losses are recorded in the Statement of Comprehensive Loss. During the three months ended September 30, 2019, 1,500,000 of the common shares were sold.

The increase in loss for the three months ended September 30, 2019 compared to the three months ended September 30, 2018 was offset by a decrease in consulting fees from \$43,000 to \$20,550. The decrease in consulting fees during the three months ended September 30, 2019 was due to the cancellation of several consulting agreements during 2018.

### *Nine months ended September 30, 2019*

For the nine months ended September 30, 2019, the Company incurred a comprehensive loss of \$921,266 or a loss of \$0.02 per share. The loss for the nine months ended September 30, 2018 was \$298,555 or a loss of \$0.02 per share. The most significant expenses of variance to prior periods are as follows:

Investor relations \$251,888 (2018 - \$50,524) – The investor relations costs have increased during the nine months ended September 30, 2019 as the Company increased its marketing and investor relations activities.

Office and miscellaneous - \$83,891 (2018 - \$38,026) – The office expenses during the nine months ended September 30, 2019 increased as the Company increased its corporate activity after the Seven Devils and Millrock Acquisitions.

Share-based payments - \$451,760 (2018 - \$nil) – 5,550,000 and 480,000 stock options were granted to officers, directors, and consultants on October 22, 2018 and April 2, 2019 respectively. The increase in share-based payments is the result of options being granted during 2019 and the end of 2018 that resulted in vesting charges in the current year period.

Loss on marketable securities - \$135,022 (2018 - \$nil) – On April 17, 2019, the Company completed the sale of Willoughby property to Strikepoint Gold Inc and was issued 3,000,000 common shares. These shares are held as FVTPL securities and all gains and losses are recorded in the Statement of Comprehensive Loss. During the nine months ended September 30, 2019, 1,500,000 of the common shares were sold.

Gain from sale of Willoughby property - \$170,884 (2018 - \$nil) – On April 17, 2019, the Company completed the sale of Willoughby property to Strikepoint Gold Inc. and generated a gain.

#### **Selected Statement of Financial Position Data**

|                           | <b>September 30, 2019</b> | <b>December 31, 2018</b> |
|---------------------------|---------------------------|--------------------------|
| Cash and cash equivalents | \$888,794                 | \$1,421,667              |
| Net working capital       | \$1,076,849               | \$1,811,667              |
| Total assets              | \$5,132,235               | \$5,454,835              |
| Long term liabilities     | -                         | -                        |

#### **Quarterly Information**

The following table presents the Company's quarterly results for the periods ending December 31, 2017 to September 30, 2019 inclusive:

| (unaudited)         | <b>2019 Q3</b> | <b>2019 Q2</b> | <b>2019 Q1</b> | <b>2018 Q4</b> |
|---------------------|----------------|----------------|----------------|----------------|
| Total Assets        | \$5,132,235    | \$5,332,792    | \$5,425,264    | \$5,454,835    |
| Working capital     | \$1,076,849    | \$1,534,618    | \$1,499,450    | \$1,811,667    |
| Loss for the period | \$319,190      | \$205,516      | \$396,560      | \$506,834      |
| Loss per share      | (\$0.01)       | (\$0.00)       | (\$0.01)       | (\$0.01)       |
| (unaudited)         | <b>2018 Q3</b> | <b>2018 Q2</b> | <b>2018 Q1</b> | <b>2017 Q4</b> |
| Total Assets        | \$6,126,853    | \$1,089,799    | \$1,178,183    | \$1,256,525    |
| Working Capital     | \$2,129,906    | \$192,423      | \$282,645      | \$398,730      |
| Loss for the period | \$103,057      | \$90,222       | \$105,276      | \$126,310      |
| Loss per share      | (\$0.00)       | (\$0.01)       | (\$0.01)       | (\$0.02)       |

#### **Liquidity and Capital Resources**

As at September 30, 2019, the Company had a cash balance of \$888,794 and a working capital position of \$1,076,849 as compared to a cash balance of \$1,421,667 and a working capital position of \$1,811,667 as at December 31, 2018. The decrease in cash and cash equivalents at September 30, 2019 compared to December 31, 2018 was primarily due to the following:

Operating activities – Cash used in operating activities for the nine months ended September 30, 2019 was \$212,865 (2018 - \$364,367). This decrease of cash used of \$151,502 was mostly due to an increase in non-cash working capital items and non-cash items such as share-based payments and the unrealized loss on marketable securities, offset by the increase in net income.

Investing activities – Cash used in investing activities for the nine months ended September 30, 2019 was \$320,008 (2018 - \$486,164). This decrease was due to cash spent on the Millrock acquisition (2018 - \$125,000) in prior year, offset by the Company increases activity in properties.

Capital expenditures – During the nine months ended September 30, 2019 cash deferred exploration and evaluation costs of \$507,396 were spent on the properties (2018 - \$309,300). In addition, \$10,000 in cash was paid in accordance with the Eagle Property and Sparrowhawk acquisitions.

## **Related party transactions**

During three and nine months ended September 30, 2019 and 2018, the Company entered into the following transactions with related parties:

- The Company paid or accrued consulting fees of \$18,000 and \$54,000 (2018 - \$18,000 and \$54,000) to Tanun Holdings Ltd., a company controlled by the spouse of John Meekison, the Chief Financial Officer and director of the Company.
- The Company paid or accrued consulting fees of \$nil and \$nil (2018 - \$24,000 and \$66,000) to Mammoth Geological Ltd., a company controlled by R. Tim Henneberry, a former President and director of the Company, and \$nil and \$nil (2018 - \$nil and \$13,560) to Evster Holdings Ltd., a company controlled by Donald Lay, a director of the Company.
- The Company paid salaries and wages of \$93,750 and \$281,250 (2018 - \$31,250 and \$31,250) to the Chief Executive Officer, the Chief Operating Officer and the Vice President of Exploration of the Company. Of the \$281,250, \$265,625 (2018 - \$ nil) was capitalized to the mineral properties and \$15,625 (2018 - \$ nil) is included in salaries and wages expense for the nine months ended September 30, 2019.

As at September 30, 2019, \$22,341 (December 31, 2018 - \$10,963) is owed to related parties and included in accounts payable at the year end.

## **Financial Instruments and Capital Risk Management**

As at September 30, 2019, the Company's financial instruments are comprised of cash and cash equivalents, receivables, marketable securities, and accounts payable. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

There have been no changes in any risk management policies since December 31, 2018.

### **Capital management**

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2019, the Company's shareholders' equity was \$5,028,922 and it had \$103,313 in current liabilities. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company is not subject to any externally imposed capital requirements.

## **Off Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

## **Investor Relations**

The Company has no investor relations agreements.

## **Changes in accounting policies**

The condensed interim financial statements for the three and nine months ended September 30, 2019 were prepared on a basis consistent with the significant accounting policies disclosed in the annual financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16 for the 2019 fiscal year that became effective January 1, 2019. The adoption of this IFRS and its impact on these Financial Statements is discussed below.

#### Changes in accounting policies – IFRS 16

The Company adopted all of the requirements of IFRS 16 Leases as of January 1, 2019. IFRS 16 replaces IAS 17 Leases (“IAS 17”). IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and a cumulative catch up adjustment is recorded on January 1, 2019 for any differences identified, including adjustments to opening retained earnings balance.

The Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16. No such contracts were identified, and as a result, the adoption of IFRS 16 resulted in no impact to the opening retained earnings on January 1, 2019.

The following is the Company’s new accounting policy for leases under IFRS 16:

#### Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company’s incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset’s useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset’s useful life.

#### **Outstanding Share Data**

##### **Shares Outstanding:**

As at November 29, 2019 the Company had the following shares outstanding:

|                           |                              |
|---------------------------|------------------------------|
| - Class                   | Common Shares                |
| - Authorized              | Unlimited, without par value |
| - Issued and outstanding: | 60,725,366                   |

##### **Warrants Outstanding:**

As at November 29, 2019 the Company had outstanding warrants enabling the holders to acquire common shares as follows:

|                          |                  |
|--------------------------|------------------|
| Share Purchase Warrants: | 28,000,000       |
| Finder’s Warrants:       | <u>1,003,100</u> |
| Total Warrants:          | 29,003,100       |

Share Purchase Warrant and Finder’s Warrants entitle the holder to acquire an additional shares as follows:

- (1) 23,884,100 at a price of \$0.15 of per share for a period of three years expiring August 23, 2021,
- (2) 5,119,000 at a price of \$0.15 of per share for a period of three years expiring September 13, 2021

### **Options Outstanding:**

As at November 29, 2019 the Company had outstanding stock options enabling the holders to acquire common shares as follows:

| Number<br>of Shares | Exercise<br>Price | Expiry Date      |
|---------------------|-------------------|------------------|
| 5,550,000           | \$0.15            | October 22, 2023 |
| 480,000             | \$0.10            | April 2, 2024    |
| 6,030,000           |                   |                  |

### **Risks and Uncertainties**

For a comprehensive list and discussion of the risks and uncertainties which may have an impact on the Company, readers are referred to the Company's filing statement which was filed on SEDAR on July 25, 2013 and is available for review at: [www.sedar.com](http://www.sedar.com).

### **Management's Responsibility for Financial Statements**

The Company's management is responsible for presentation and preparation of the financial statements and the MD&A. The MD&A have been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information, we must interpret the requirements described above, make determinations as to the relevancy of information included, and make estimates and assumptions that affect reported information.

The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as anticipated.

### Additional Disclosure for Venture Issuers Without Significant Revenue – Mineral Property Expenditures

As at September 30, 2019 and December 31, 2018, the Company has capitalized the following acquisition and exploration costs:

|                                          | Oweegee   | Willoughby | Todd Creek | Oxide Peak | Eagle   | Rip     | Teeta Creek | Sparrowhawk | Northern<br>Vancouver<br>Island | Total     |
|------------------------------------------|-----------|------------|------------|------------|---------|---------|-------------|-------------|---------------------------------|-----------|
|                                          | \$        | \$         | \$         | \$         | \$      | \$      | \$          | \$          | \$                              | \$        |
| Balance, December 31, 2017               | 525,450   | 283,982    | -          | -          | -       | -       | -           | -           | -                               | 809,432   |
| Acquisition costs – shares               | 412,575   | 13,627     | 473,491    | 402,095    | 243,206 | 276,400 | 184,992     | -           | -                               | 2,006,386 |
| Acquisition costs – cash                 | -         | -          | 230,000    | -          | -       | -       | -           | -           | -                               | 230,000   |
| Acquisition costs – expenses             | 11,894    | 392        | 13,647     | 9,422      | 5,699   | 6,476   | 4,334       | -           | -                               | 51,864    |
| Consulting fees                          | 291       | 692        | -          | -          | -       | -       | -           | -           | -                               | 983       |
| Field support                            | 4,037     | 284        | 3,331      | -          | -       | -       | -           | -           | -                               | 7,652     |
| Geochemistry and geology                 | 64,923    | 8,338      | 58,370     | 3,430      | -       | 980     | 140         | -           | -                               | 136,181   |
| Option payments                          | -         | -          | 72,500     | -          | -       | -       | -           | -           | -                               | 72,500    |
| Travel and accommodation fees            | 57,633    | 3,972      | 82,000     | 10,708     | -       | 670     | -           | -           | -                               | 154,983   |
| Wages and salaries                       | 32,776    | 8,936      | 53,588     | 5,000      | 3,750   | 5,657   | 3,750       | -           | -                               | 113,457   |
| Balance, December 31, 2018               | 1,109,579 | 320,223    | 986,927    | 430,655    | 252,655 | 290,183 | 193,216     | -           | -                               | 3,583,438 |
| Acquisition costs – shares               | -         | -          | -          | -          | 9,000   | -       | -           | 7,830       | -                               | 16,830    |
| Acquisition costs – cash                 | -         | -          | -          | -          | 5,000   | -       | -           | 5,000       | -                               | 10,000    |
| Cash received from Strikepoint Agreement | -         | (85,000)   | -          | -          | -       | -       | -           | -           | -                               | (85,000)  |
| Consulting fees                          | 4,950     | 998        | -          | -          | -       | -       | -           | -           | -                               | 5,948     |
| Field support                            | 594       | 1,061      | 1,078      | 404        | 105     | 188     | 131         | 647         | -                               | 4,208     |
| Geochemistry and geology                 | 14,212    | 9,334      | 6,200      | 4,580      | 3,087   | 910     | 2,294       | 9,052       | 494                             | 50,163    |
| Option payments                          | -         | -          | 84,615     | -          | -       | -       | -           | -           | -                               | 84,615    |
| Staking                                  | -         | -          | -          | 3,079      | 775     | 4,420   | 1,623       | 12,553      | 1,607                           | 24,057    |
| Travel and accommodation fees            | 24,566    | -          | 46,463     | 2,197      | 3,199   | 689     | 15,759      | 6,122       | 3,000                           | 101,995   |
| Wages and salaries                       | 49,450    | 2,500      | 91,950     | 6,281      | 33,719  | 6,000   | 59,344      | 67,531      | 4,250                           | 321,025   |
| Balance, September 30, 2019              | 1,203,351 | 249,116    | 1,217,233  | 447,196    | 307,540 | 302,390 | 272,367     | 108,735     | 9,351                           | 4,117,279 |
| Disposition of mineral properties        | -         | (249,116)  | -          | -          | -       | -       | -           | -           | -                               | (249,116) |
| Balance, September 30, 2019              | 1,203,351 | -          | 1,217,233  | 447,196    | 307,540 | 302,390 | 272,367     | 108,735     | 9,351                           | 3,868,163 |