



**MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS FOR THE THREE MONTHS AND THE NINE MONTHS  
ENDED APRIL 30, 2025 (including Subsequent Events to June 26, 2025)**

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 nine months ended April 30, 2025 should be read in conjunction with the Arcus audited financial statements and related notes for the twelve months ended July 31, 2024 and the condensed interim financial statements and related notes for the nine months ended April 30, 2025. 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.sedarplus.com](http://www.sedarplus.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.

On 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 Venture 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.

## **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:

	<b>Year ended July 31, 2024 (\$)</b>	<b>Year ended July 31, 2023 (\$)</b>	<b>Year ended July 31, 2022 (\$)</b>
General and administrative expenses	39,436	34,285	51,537
Property acquisition and exploration expenses	144,496	8,726	9,232
Loss for the year	183,932	43,011	60,769
Loss per share	0.00	0.00	0.00
Total assets	28,224	81,470	158,114

## **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 (\$)
April 30, 2025	(22,202)	(0.00)	1,667
January 31, 2025	(32,304)	(0.00)	4,611
October 31, 2024	(26,621)	(0.00)	14,479
July 31, 2024	(4,461)	(0.00)	28,224
April 30, 2024	(3,998)	(0.00)	31,961
January 31, 2024	(151,064)	(0.00)	35,780
October 31, 2023	(24,409)	(0.00)	57,581
July 31, 2023	(1,706)	(0.00)	81,470

## **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 April 30, 2025, Arcus incurred a net loss of \$22,202 (\$0.00 per share), compared to a net loss of \$3,998 (\$0.00 per share) for the three month period ended April 30, 2024. The change in the amount of the loss from the comparative period ended April 30, 2025 was related largely to property maintenance costs paid during the three months ended April 30, 2025. See "Property Transactions and Exploration" for additional information.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company had a working capital deficiency of approximately \$193,000 as of April 30, 2025, compared to a working capital deficiency of approximately \$111,000 as of July 31, 2024.

The Company's operations have recently been substantially financed by non-interest bearing cash advances which currently aggregate \$125,000, received from directors of the Company and private companies controlled by directors. All such advances are due on demand with no fixed terms of repayment and were required to provide the Company with general-purpose working capital.

Arcus currently has no ongoing cash payment or share issuance obligations in respect of its Touleary mineral property interest.

### (a) Share Capital Information

#### (i) Shares

The authorized share capital of Arcus consists of an unlimited number of no-par value common shares. As at April 30, 2025, there were 73,878,065 issued and outstanding common shares. As of June 26, 2025, there were 73,878,065 issued and outstanding common shares.

#### (ii) Stock Options

The Company had no outstanding incentive stock options as of April 30, 2025 or June 26, 2025.

#### (iii) Share Purchase Warrants

The Company had no outstanding share purchase warrants as of April 30, 2025 or June 26, 2025.

(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 April 30, 2025.

(b) Geological Consulting Services

No fees for geological consulting services were paid to Talbot during the three month period ended April 30, 2025.

(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 April 30, 2025.

(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) Demand Loans

In December of 2023, the Company received an aggregate of \$100,000 in cash advances from directors and private companies controlled by directors. On November 15, 2024, the Company received an additional \$25,000 cash advance from a private company controlled by a director. All of these cash advances are non-interest bearing and are due on demand with no fixed terms for repayment and were intended to provide the Company with general-purpose working capital.

(f) Reimbursable Expenses

During the current fiscal year the Company's CEO and an entity related to the Company's CFO have also incurred an aggregate of \$25,894 in expenses on behalf of the Company, which is unreimbursed as at April 30, 2025.

**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**

No changes to the Arcus board or management occurred during or subsequent to the three month period ended April 30, 2025.

**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 5.7 km long zone of coincident geophysical and intermittent copper±gold-in-soil geochemical anomalies. Additional soil sampling and hand pitting programs were completed during the 2012 and 2013 field seasons focusing on separate targets 6 km south of the original VMS discovery. No field work has been carried out on the property since 2013.

In spring 2022, Arcus conducted a detailed property-wide evaluation of all available data which identified seven high priority stand-alone VMS targets, not including the original discovery. Subject to available financing, Arcus has designed a reverse circulation ("RC") drill program to broadly test these targets with the intention of following up positive results with detailed diamond drilling. The cost of the proposed RC drill program has been budgeted at approximately \$1.5 million.

The targets identified at the Touleary property are located within an area approximately 10 x 4 kilometers. The original 2011 VMS discovery is located at the northeastern end of the target area. Targets have been identified using combinations of coincident soil and rock geochemistry, specific airborne magnetic signatures, geological and structural reinterpretations and VTEM (versatile time-domain electromagnetic) surveys. The surface footprint of each discrete target could represent a stand-alone VMS deposit, therefore, the Touleary property is believed to host significant VMS district potential.

In November of 2023, Arcus staked an additional 214 mining claims to the north, west and south of the existing Touleary claims. The new claims were added to the Touleary property to provide a buffer zone adjacent to a number of the VMS targets identified during the detailed property-wide evaluation of available exploration data.

The proposed 2025 RC drill program will broadly test the core portions of the four highest priority targets and will consist of a total of 19 drill holes (3,300 m) with a contingency to add several additional drill

holes if it is deemed necessary. Widely spaced drill sections 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 as per the recent geological and structural reinterpretation.

Arcus holds a Class 3 Quartz Mining Land Use Approval (permit), valid for work on the Touleary property until August 7, 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**

There have been no materials events related to the business of the Company subsequent to the three months ended April 30, 2025.

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