



WESTERN PACIFIC  
RESOURCES CORP.

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –  
QUARTERLY HIGHLIGHTS  
For the three months ended May 31, 2018**

**General**

This Interim Management's Discussion and Analysis ("Interim MD&A") supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of Western Pacific Resources Corp. ("the Company") for the three months ended May 31, 2018. The following information, prepared as of July 25, 2018, should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for three months ended May 31, 2018 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In addition, the following should be read in conjunction with the Consolidated Financial Statements of the Company for the year ended February 28, 2018 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The May 31, 2018 financial statements have not been reviewed by the Company's auditors.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**Forward Looking Information**

This Interim MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this Interim MD&A, words such as "will", "may", "should", "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance.

Forward-looking statements are statements that are not historical facts, and include but are not limited to:

- a) Estimates and their underlying assumptions;
- b) Statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model, future operations, the impact of regulatory initiatives on the Company's operations, and market opportunities;
- c) General industry and macroeconomic growth rates;
- d) Expectations related to possible joint or strategic ventures; and
- e) Statements regarding future performance.

Forward-looking statements used in this Interim MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project, and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Interim MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this Interim MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities law.

## **Business of the Company**

The Company is a Vancouver-based resource company seeking to acquire mineral properties in the Americas. The Company's principal focus is the acquisition of precious or base metal properties that are either producing assets or can be advanced to production relatively quickly.

The Company's shares trade on the TSX Venture Exchange (the "TSXV") under the symbol "WRP".

The company continues to pursue opportunities consistent with its strategy, but due to its financial position also continues to review its business strategy.

## **Property Review**

### **Rock Springs Property, Nevada**

The Rock Springs Property consists of 10 claims located in Elko County, Nevada. The property lies 45 miles north of Newmont's Long Canyon property, along the northwest edge of the Bald Mountain/Pequop Trend which includes the Long Canyon project and the Mineral Gulch property.

The Company is continuing to assess its future plans for the Rock Springs Property.

### **Net Smelter Returns ("NSR") Royalty - Mineral Gulch Property, Idaho**

The Mineral Gulch Property consisted of 345 claims in southeastern Cassia County in southern Idaho. In June 2016, the Company sold 100% of its interest in the Mineral Gulch Property to Liberty Gold Corp. ("Liberty"). Part of the consideration received was 0.5% NSR royalty on all future gold produced from the Mineral Gulch claims acquired. In conjunction with the sale of the Mineral Gulch Property, the Company assigned a 50% interest in the NSR royalty (0.25%) up to a maximum of US\$2,300,000 to the Deer Trail Mining Company LLC ("DTMC"). During the period ended May 31, 2018, the Company sold its remaining NSR of 0.25% to DTMC for proceeds of \$20,579 (US\$16,000).

## **Selected Quarterly Information**

The following table provides information for the eight fiscal quarters ended May 31, 2018:

	<b>May 31, 2018 (\$)</b>	<b>Feb. 28, 2018 (\$)</b>	<b>Nov 30, 2017 (\$)</b>	<b>Aug 31, 2017 (\$)</b>	<b>May 31, 2017 (\$)</b>	<b>Feb. 28, 2017 (\$)</b>	<b>Nov 30, 2016 (\$)</b>	<b>Aug 31, 2016 (\$)</b>
Exploration expenditures	-	-	19,214	19,632	8,225	-	-	28,732
General and administrative expenses	76,675	161,996	76,069	85,394	85,868	(27,943)	72,718	174,424
Net income (loss)	(60,716)	(176,793)	(103,652)	(89,581)	(117,651)	(157,474)	(77,898)	4,978,374
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.09
Total assets	63,052	52,011	101,397	209,593	241,490	366,217	441,429	610,621
Total liabilities	528,192	458,546	356,952	359,084	308,011	322,897	291,635	316,929
Shareholders' equity (deficiency)	(465,140)	(406,535)	(255,555)	(149,491)	(66,521)	43,320	149,794	293,692

Exploration costs for the three quarters ended November 30, 2017 relate mostly to the investigation of new property opportunities while the costs for the other periods presented are largely care and maintenance activities on properties currently and previously held. General and administrative expenses for the oldest quarter presented include interest accretion associated with the convertible notes issued and other long-term liabilities associated with the acquisition of the formerly held DTM Property.

## **Results of Operations**

### *Quarter Ended May 31, 2018*

For the three months ended May 31, 2018, the Company recorded a net loss of \$60,716 compared to \$117,651 for the quarter ended May 31, 2017, a decrease of \$56,935. The current quarter results include a gain of \$20,579 relating to the sale of the Mineral Gulch NSR royalty. The net loss for the comparative quarter included an impairment charge of \$21,000 relating to the Liberty shares formerly held as an available-for-sale investment. There were no exploration costs for the current quarter. Exploration costs of \$8,225 for the comparative quarter were primarily investigation of new property opportunities.

General and administrative expenses for the current quarter totaled \$76,675 compared to \$85,868 for the comparative quarter, a decrease of \$9,193. The difference between the quarters is mostly due to the comparative quarter recording a higher share-based payments expense that relates to stock options granted during the comparative quarter. All other general and administrative expenses, except for travel costs, were similar between the current and comparative quarters. There were no travel costs for the current quarter.

## **Liquidity and Capital Resources**

The Company is in the exploration stage and therefore has no cash flow from operations. During the prior fiscal year, the Company sold its available-for-sale investment consisting of 300,000 common shares of Liberty for net proceeds of \$138,179. During the period ended May 31, 2018, the Company sold its remaining NSR interest in the Mineral Gulch property for proceeds of \$20,579.

As at May 31, 2018, current assets were \$43,329 of which \$37,684 was cash and current liabilities totalled \$528,192, resulting in a working capital deficiency of \$484,863. Current liabilities include a total of \$453,821 owed to current directors and a former director of the Company. During the previous fiscal year and continuing on for the current period, these related parties agreed to defer payment on a portion of their fees for services and directors' fees in response to the Company's liquidity position.

The Company does not expect its current capital resources to be sufficient to cover its operating costs through the next twelve months and as such, will need to obtain additional capital resources. Actual funding requirements may vary from those previously planned due to a number of factors, including the progress of the Company's business activities and economic conditions. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary capital to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

## **Related Party Transactions**

See Note 11 of the condensed consolidated interim financial statements for the three months ended May 31, 2018 for details of related party transactions which occurred in the normal course of business.

## **Other Data**

Additional information related to the Company is available for viewing at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.westernpacificresources.com](http://www.westernpacificresources.com)

## **Share Position and Outstanding Options**

The Company's outstanding share position as at July 25, 2018 is 63,023,315 common shares and the following incentive stock options are currently outstanding:

**STOCK OPTIONS**

<u>No. of options</u>	<u>Exercise price</u>	<u>Expiry date</u>
1,030,000	\$0.135	June 16, 2019
300,000	\$0.35	January 27, 2020
200,000	\$0.38	July 25, 2020
285,000	\$0.57	July 12, 2021
<u>1,100,000</u>	<u>\$0.05</u>	<u>March 21, 2022</u>
<u>2,915,000</u>		

**Risks and Uncertainties**

*Mineral Property Exploration and Mining Risks*

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company's property does not have a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

*Title to Mineral Property Risks*

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has diligently investigated and continues to diligently investigate and validate title to its mineral claims; however, this should not be construed as a guarantee of title. The Company cannot give any assurance that title to properties it acquired will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mineral properties.

*Commodity Price Risk*

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital in order to fund its ongoing operations or value it may obtain on disposition of an asset. Commodity price declines could also reduce the amount the Company would receive on the disposition of its mineral property to a third party.

*Financing and Share Price Fluctuation Risks*

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of the Company's project may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its project which could result in the loss of its property.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues or the value of the Company's available-for-sale investments and corresponding effect on the Company's financial position.

*Political, Regulatory and Currency Risks*

The Company is currently operating in a country that has a stable political and regulatory environment. However, changing political aspects may affect the regulatory environment in which the Company operates. While the Company's convertible debt financings were sourced in US dollars, past equity financings have been sourced in Canadian dollars. A significant portion of the Company's expenditures are incurred in US dollars. At this time there

are no currency hedges in place. Therefore a weakening of the Canadian dollar against the US dollar could have an adverse impact on the amount of exploration conducted.

#### *Insured and Uninsured Risks*

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

#### *Environmental and Social Risks*

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are generally low in the principal country of operation of the Company, but changing social expectations could add new layers of risk to the viability of exploration and development properties.

#### *Competition*

The Company competes with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.