



**WESTERN PACIFIC**  
RESOURCES CORP.

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –  
QUARTERLY HIGHLIGHTS**  
For the six months ended August 31, 2019

**1. 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 six months ended August 31, 2019. The following information, prepared as of October 18, 2019, should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the six months ended August 31, 2019 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, 2019 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The August 31, 2019 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).

**2. Forward Looking Information**

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this 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 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 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 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 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.

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

In the year ended February 28, 2019, the Company completed a consolidation of the Company's share capital on the basis of one (1) new share for every ten (10) existing shares and further a one (1) to four (4) consolidation. All references to common shares and stock options in this MD&A reflect the share consolidations.

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

### 4. Property Review

#### Nizi Property, British Columbia, Canada

In January 2019, the Company negotiated an option agreement with an arm's-length third party to earn a 100% interest in the Nizi Property ("Nizi") located northeast of the community of Dease Lake in British Columbia, with six main zones of high-grade gold-silver vein-hosted mineralization.

The following are the terms of the signed Nizi option agreement:

Due Date	Cash Payment	Shares
On or before February 28, 2019	\$10,000 (paid)	160,000 (issued)
On or before June 15, 2020	\$100,000	
On or before June 15, 2021	\$100,000	
On or before June 15, 2022	\$100,000	
<b>Total</b>	<b>\$310,000</b>	<b>160,000</b>

As part of the agreement, the Company has committed to incur a total of \$2,000,000 by October 15, 2023.

The Nizi property is subject to a 2.5% Net Smelter Royalty ("NSR"), of which 1% may be re-purchased for a cash payment of \$2,000,000. This property is also subject to an Annual Royalty Payment commencing June 15th, 2022

#### Rock Springs Property, Nevada, USA

The Rock Springs Property ("Rock Springs") 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.

During the year ended February 28, 2019, the Company granted lease rights to Rock Springs to Newmont USA Limited ("Newmont") for a term of ten years. As per the agreement, Newmont shall make the following payments:

Due Date	Payment Amount (US\$)
October 18, 2018 (Effective date of the agreement)	\$40,000 (received)
October 18, 2019 (First anniversary of the agreement)	\$20,000 (received)
October 18, 2020 (Second anniversary of the agreement)	\$20,000
October 18, 2021 (Third anniversary of the agreement)	\$20,000
October 18, 2022 (Fourth anniversary of the agreement)	\$20,000
October 18, 2023 and each anniversary thereafter until the lease terminates	\$25,000

As per the agreement, the Company also retains a 1.5% Net Smelter Royalty ("NSR") on the production and sale of minerals from the Rock Springs Property. At any time prior to October 18, 2025, Newmont has the option to purchase one-third of the NSR for US\$1,000,000 reducing the royalty payable to the Company to 1%.

## 5. Selected Quarterly Information

The following table provides information for the eight fiscal quarters ended August 31, 2019:

	Aug 31, 2019 (\$)	May 31, 2019 (\$)	Feb 28, 2019 (\$)	Nov 30, 2018 (\$)	Aug 31, 2018 (\$)	May 31, 2018 (\$)	Feb. 28, 2018 (\$)	Nov 30, 2017 (\$)
Exploration expenditures	2,469	-	-	-	2,277	-	-	19,214
General and administrative expenses	111,421	95,363	131,881	143,599	25,377	76,675	161,996	76,069
Net income (loss)	(82,937)	(95,328)	(131,948)	(106,673)	(32,540)	(60,716)	(176,793)	(103,652)
Basic and diluted income (loss) per share	(0.05)	(0.06)	(0.08)	(0.07)	(0.01)	(0.00)	(0.01)	(0.01)
Total assets	149,551	120,626	119,781	8,209	22,305	63,052	52,011	101,397
Total liabilities	968,772	856,910	760,737	610,017	517,874	528,192	458,546	356,952
Shareholders' equity (deficiency)	(819,221)	(736,284)	(640,956)	(601,808)	(495,569)	(465,140)	(406,535)	(255,555)

Exploration costs for the quarter 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.

## 6. Results of Operations

### Three Months Ended August 31, 2019

For the three months ended August 31, 2019, the Company recorded a net loss of \$82,937 compared to \$32,540 for the quarter ended August 31, 2018, an increase of \$50,397. This was due to higher general and administrative expenses in the quarter ended August 31, 2019.

The current three months period results include a gain of \$26,518 relating to lease payment for the Rock Springs Property.

Exploration costs for the current quarter were \$2,469 (2018: \$2,277), relating to annual claim fees for the Rock Springs Property.

General and administrative expenses for the six months ended August 31, 2019 totaled \$111,421, as opposed to \$25,377 for the comparative quarter of 2018, an increase of \$86,044. The difference is due to increases in consulting fees (2019 - \$64,000; 2018 - \$Nil), management fees (2019 - \$27,000; 2018 - \$Nil) and directors fees (2019 - \$9,000; 2018 - \$Nil), as a result of an increased volume of corporate activities. These increases were partly offset by a reduction in office and administration (2019 - \$96; 2018 - \$5,448), share-based payments (2019 - \$Nil; 2018 - \$2,111), and salaries and benefits (2019 - \$Nil; 2018 - \$4,500).

### Six Months Ended August 31, 2019

For the six months ended August 31, 2019, the Company recorded a net loss of \$178,265 compared to \$93,256 for the six months ended August 31, 2018, an increase of \$85,009. This was due to higher general and administrative expenses in the period ended August 31, 2019.

The current six months period results include a gain of \$26,518 relating to lease payment for the Rock Springs Property, compared to a gain of \$20,579 relating to the sale of the Mineral Gulch NSR royalty, for the comparative period.

Exploration costs for the current six-month period were \$2,469 (2018: \$2,277), relating to annual claim fees for the Rock Springs Property.

General and administrative expenses for the six months ended August 31, 2019 totaled \$206,784, as opposed to \$102,052 for the comparative six months of 2018, an increase of \$104,732. The difference is due to increases in

consulting fees (2019 - \$121,000; 2018 – \$Nil), management fees (2019 – \$54,000; 2018 - \$44,275) and directors fees (2019 – \$18,000; 2018 - \$11,550), as a result of an increased volume of corporate activities. These increases were partly offset by a reduction in professional fees (2019 – \$9,095; 2018 - \$17,935), office and administration (2019 - \$185; 2018 - \$11,027), share-based payments (2019 - \$Nil; 2018 - \$4,222), and salaries and benefits (2019 - \$Nil; 2018 - \$9,000).

## 7. 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 remaining NSR interest in the Mineral Gulch property for proceeds of \$20,579 and leased out its Rock Springs Property recording a gain of \$33,911 from the initial payment of \$52,944 (US\$40,000).

As at August 31, 2019, current assets were \$44,103 of which \$28,419 was cash and \$15,684 represented taxes receivable from the Government of Canada, while current liabilities totalled \$968,772, resulting in a working capital deficiency of \$924,669. Current liabilities include \$467,353 of loans, consulting and directors' fees owed to directors and \$121,338 of management and professional fees and expense reimbursements owed to former and current officers of the Company.

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.

## 8. Related Party Transactions

See Note 10 of the condensed consolidated interim financial statements for the six months ended August 31, 2019 for details of related party transactions which occurred in the normal course of business.

## 9. 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).

## 10. Share Position and Outstanding Options and Warrants

The Company's outstanding share position as at October 18, 2019 is 4,062,318 common shares and the following incentive stock options and purchase warrants are currently outstanding:

	Number of Shares/Options	Exercise Price	Expiry Date
Common shares	4,062,318		
Stock options	7,500	\$14.00	January 27, 2020
	5,000	\$15.20	July 25, 2020
	7,125	\$22.80	July 12, 2021
	27,500	\$2.00	March 21, 2022
Warrants	2,326,734	\$0.20	October 16, 2024
Fully diluted	<b>6,436,177</b>		

On June 16, 2019 25,750 options expired unexercised.

On October 16, 2019, the Company completed a non-brokered private placement, consisting of 2,326,734 units at a price of \$0.15 per unit, raising aggregate gross proceeds of \$349,010. Each unit consists of one common share and one common share purchase warrant; permitting the holder to purchase one additional common share at a price of \$0.20 for five years. The Company paid cash finders' fees in the aggregate amount of \$8,190.

## **11. 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 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, equity financings have been sourced in Canadian dollars. A 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.