# AURWEST RESOURCES CORPORATION

## Management Discussion and Analysis

## For the three months ended August 31, 2020

## (Expressed in Canadian Dollars)

**Issued October 30, 2020**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("**MD&A**") should be read in conjunction with Aurwest Resources Corporation's (the "**Company**" or "**Aurwest**") condensed interim financial statements for the period ended August 31, 2020 and the related notes thereto. These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). Since the condensed interim financial statements do not include all disclosure required by IFRS for annual statements, they should also be read in conjunction with the Company's audited financial statements for the year ended May 31, 2020.

Technical and corporate information contained in this MD&A has previously been disseminated by way of news releases and are filed on Sedar at www.sedar.com and on the Company's website at www.aurwestresources.com. The reader should be aware that historical results are not necessarily indicative of future performance (readers should refer to "**Forward Looking Statements**").

All amounts expressed are in Canadian dollars unless otherwise stated. The MD&A is current as of October 30, 2020 and was reviewed, approved, and authorized for issue by the Company's Board of Directors on the aforementioned date.

## CORPORATE OVERVIEW

Aurwest is a Canadian-based junior resource company focused on the acquisition, exploration and development of gold, copper, silver, and other base metal properties in North America. Aurwest is listed on the Canadian Securities Exchange (**CSE: AWR**). The Company currently holds a 100% interest in the Stellar copper/gold Project, located approximately 25 kilometers southwest of Houston British Columbia. The Stellar project consists of (22,700.29 ha/36 mineral tenures); an early stage porphyry copper exploration project located in the Omineca Mining Division, northwestern British Columbia.

The Company maintains its head office at Suite 2003, 188 – 15 Ave SW, Calgary, Alberta Canada T2R 1S4.

To date the Company has not earned revenues from any of its exploration efforts and the Stellar project is an early stage exploration project.

As at the date of this MD&A, Aurwest's directors and officers are as follows:

| Directors | Officers and Position |
|---|---|
| Colin Christensen | President and Chief Executive Officer |
| Warren Brown | Chief Financial Officer and Corporate Secretary |
| Elmer Stewart | |
| Cameron Macdonald | |

| Audit Committee |
|---|
| Warren Brown |
| Elmer Stewart |
| Cameron MacDonald |

**Qualified Person**

Mr. Elmer B. Stewart, MSc. P. Geol., a director of the Company, is the qualified person as defined under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") who has reviewed and approved all technical and scientific disclosure contained in this MD&A regarding the Company's mineral properties. Mr. Stewart is not independent of the Company.

## FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "*forward-looking statements*" within the meaning of Canadian securities legislation. These forward-looking statements are made as of the date of this MD&A and the Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable laws.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Readers are cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. This MD&A contains forward-looking statements which reflect management's expectations and goals, as well as statements with respect to our belief, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "continue", "could", "should", "would", "suspect", "outlook", "believes", "plan", "anticipates", "estimate", "expects", "intends" and words and expressions of similar import are intended to identify forward-looking statements.

Forward-looking statements include, without limitation, information concerning possible or assumed future results of the Company's operations. These statements are not historical facts and only represent the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration and development activities and commitments and future opportunities. Although management considers those assumptions to be reasonable based on information currently available to them, they may prove to be incorrect. These statements are not guaranteeing of future performance and involve assumptions and risks and uncertainties that are difficult to predict, therefore, actual results may differ materially from what is expressed, implied, or forecasted in such forward-looking statements.

By their very nature, forward looking statements involve several known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, and readers are advised to consider such forward-looking statements considering the risk factors set forth below and as further detailed in the "*Risks and Uncertainties*" section of this MD&A.

These risk factors include, but are not limited to, fluctuation in metal prices which are affected by numerous factors such as global supply and demand, inflation or deflation, global political and economic conditions; the Company's need for access to additional capital to explore and develop its projects; the risks inherent in the exploration for and development of minerals including the risks of estimating the quantities and qualities of minerals, operating parameters and costs, receiving project permits and approvals, successful construction of mining and processing facilities, and uncertainty of ultimate profitability of mining operations; risks of litigation and other risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on any forward-looking statements in this MD&A to make decisions with respect to the Company, investors and others should carefully consider the risk factors set out in this MD&A and other uncertainties and potential events.

## THREE MONTHS ENDED AUGUST 31, 2020 HIGHLIGHTS AND SIGNIFICANT EVENTS

- On June 10, 2020, the Company issued 2,200,000 stock options to management and directors. The stock options have a term of two years and are exercisable at a price of $0.025 per option.

- On June 24, 2020 the Company signed a debt settlement agreement with a non-related party, the estate of a former director, for an outstanding unsecured loan with a principal amount of $21,000, accrued interest of $12,607 and accrued liabilities of $43,970. The debt settlement agreement was executed with the executors of the estate of the former director to clear the entire amount of the loan, accrued interest, and all accrued liabilities owed for $25,397. This amounted to a $8,210 gain on the settlement of debt and a gain of $43,970 on the entire write off of the accrued liabilities.

- On July 21, 2020, the Company signed a debt settlement agreement for an outstanding accrued liability of $3,000 due to the estate of a former officer of the Company. The accrued liability was settled for the amount of $1,500 which amounted to a gain of $1,500.

- In August, the Company acquired 100% interest in an additional 75 hectares located within the Stellar Property for $7,000.

- On August 20, 2020, the Company announced a non-brokered private placement of up to 15,000,000 units **("Units"**) at a price of $0.05 per Unit for proceeds of up to $750,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at a price of $0.10 for the first 18 months and $0.15 if exercised any time after 18 months from the initial date of grant but no later than 36 months from the date of grant. The Company has the right to force conversion of the Warrants, if at any time from and after the date of issuance, the daily volume-weighted average closing price of the Company's Common Shares on the Canadian Securities Exchange, equals or exceeds $0.20 for ten consecutive trading days. The financing closed subsequent to the period ended.

***Subsequent to the Period Ended:***

Subsequent to the period ended August 31, 2020, the Company closed a private placement in two tranches by issuing a combined 27,106,000 non-flow through units at $0.05 per unit, for total gross proceeds of $1,355,300. In connection with the financing, the Company paid a finders' fee of $53,653 and issued 2,144,100 agent's units.

## PROPERTY SUMMARY

This MD&A covers the Company's (June 1, 2020 to August 31, 2020) for the period ended August 31, 2020. The location of the Company's property prohibited field activities due to winter weather conditions. Rules and regulation imposed by the Federal government authorities due to COVID-19 have severely restricted the Company's ability to conduct field operations. Accordingly, on March 27, 2020, the Gold Commissioner for the Province of British Columbia issued a statement extending the time limit for either registering a statement of exploration and development expenses or registering payment instead of exploration and development until December 31, 2021.

### Industry Overview

The repercussions of the COVID-19 virus has led to extreme volatility in equity markets and a rapid decline in commodity prices over the past quarter. These issues are having a significant negative effect on the resource sector leading to significant capital expenditure reductions in 2020.

Despite the current uncertainty and volatility, the longer-term fundamentals of the copper industry strong. Copper demand is forecasted to increase, driven by population growth, emerging economies, green initiatives, and infrastructure requirements. If copper demand materializes as forecasted and the structural issues facing the copper industry have not been resolved; the long-term sustainable copper supply could be materially impacted. The significant decline of large copper discoveries, combined with the historically low number of copper projects in the exploration and development pipeline, implies an impending significant supply deficit within the copper industry.

**Corporate Overview**

The results of the 2019 airborne geophysical work program on the Stellar project resulted in the identification of three prospective porphyry copper exploration targets. The option agreements on the Topley-Richfield, Portland and Millie properties were terminated in 2019 to allow the Company to focus on its Stellar project.

**Stellar Project**

The Company owns a 100% interest in the Stellar property (22,700 ha/36 mineral tenures); an early stage porphyry copper exploration project located in the Omineca Mining Division, northwestern British Columbia. The Property is situated approximately 25 km southwest of the town of Houston and 45 km directly south of Smithers, BC. The property is subject to a 2% Net Smelter Return Royalty. The Company has the right to purchase 1% of the Net Smelter Royalty for a purchase price of CDN$1.0 million each.

During the quarter, Aurwest completed a preliminary compilation of all available historical exploration data collected within the project area (see News Release dated August 19, 2020). The historical data used in the compilation were taken from the numerous assessment reports filed with the department of Mines and Energy for British Columbia over the past 50 years and on BC MINFILES. Neither Aurwest nor a qualified person has verified the historical sampling, analytical, and test data used in the compilation. The historical grab sampling results are selected samples and are not necessarily indicative of the mineralization hosted on the property.

The compilation demonstrated that the majority of the historical exploration was completed on the eastern portion of the property with minimal exploration on the western portion of the property.

The property has been explored intermittently since the late 1960's. In 2019, Aurwest completed a 1,049 km airborne geophysical survey over the property. Results of this property wide survey enabled Aurwest to place the historical data in a regional and target specific contexts. The highlights of this compilation are:

➢ Four porphyry copper targets have been identified, each exhibiting an aeromagnetic signature suggestive of a porphyry copper system.

➢ The property is underlain by Hazelton Group mafic volcanics intruded by Bulkley intrusives and numerous felsic (some porphyritic) dikes.

➢ Widespread copper-gold-silver mineralization with numerous rock samples containing greater than 1.0% copper, and in some cases molybdenum, occurs within the Lynx target.

➢ The high-grade copper-silver veins in skarn (chalcopyrite-bornite) suggests proximity to a porphyry copper system within the Erin zone.

➢ A 2.4 km long, structurally controlled Quartz vein system is in the Lynx target, with gold values up to 37.6 g/t (1.2 oz/t).

The geology of the Stellar property is favorable for porphyry copper style mineralization. The property is underlain by Lower Jurassic Hazelton Group volcanic and sedimentary rocks that have been intruded by early Cretaceous McCauley Island dioritic to monzonitic intrusive rocks and Late Cretaceous Bulkley dioritic to felsitic intrusive rocks. This suite of rocks host most of the significant mineralization in this portion of British Columbia. An exploration model similar to the Huckleberry porphyry copper deposit is being used to explore the Stellar property.

**Porphyry Copper Targets**
Four large under explored porphyry copper targets with magnetic signatures typically associated with a porphyry system have been identified within the Property.

Most available historical exploration data cover areas within the Lynx/Erin target. The Orion and Big Dipper targets are on strike to the north of the Stars discovery. These targets host several Cretaceous stocks and northwest and northeast trending linear magnetic anomalies, which may reflect intrusive porphyritic dikes and stocks. Cassiopeia is a large circular magnetic feature located south of the Lynx/Erin target.

The geophysical signature of the **Lynx target** is a circular magnetic anomaly like that described at the Stars copper discovery. Historical exploration included mainly cursory soil and rock geochemical sampling, restricted geophysical surveys, and limited diamond drilling in certain areas within this target. This target hosts the Lunlik, Carbonate and Number 51 showings.

The ***Lunlik Showing* -** is underlain by a granodiorite with minor disseminated and veinlet hosted chalcopyrite and pyrite mineralization. Historical diamond drill logs show narrow (1-5 m core thickness) intervals of weak chalcopyrite-pyrite quartz veins and veinlets with K-spar alteration envelopes. No analytical results were reported from the diamond drilling program and drill logs for two of the reported eight holes are available. A historical select grab sample from this showing returned 0.857 g/t Au and 0.0169 % Cu.

The ***Carbonate Showing*** is hosted in a breccia zone with abundant secondary (essentially oxidized primary copper mineralization) copper oxide minerals hosted in an iron rich gossan. The gossan is interpreted to have formed by oxidization of pyrite. Historical select grab samples yielded analytical results up to 0.56 % Cu, 17 ppb Au, 11.7 g/t Ag, 0.095 % As and 0.16 % Sb.

The ***51 Showing*** is located on the south side of the Lynx target. This showing is reported to contain molybdenum mineralization within a porphyry stock intruding Hazelton Group volcanics. Molybdenite is a significant indicator mineral in certain porphyry copper deposits in British Columbia. Unfortunately, there are no analytical results reported from this showing.

**Erin:** This area is located on the west side of the Lynx target and covers shear-hosted copper-gold-silver mineralization hosted in Hazelton volcanics intruded by a Bulkley Intrusive. Historical exploration consisted of trenching, mapping, and sampling over an area of copper-silver mineralization measuring 1500 metres by 700 metres. Samples from the property were not analyzed for gold. In the trenched area; copper-silver mineralization occurs in veins and as dissemination in skarn and hornfelsed Hazleton andesitic volcanics. The skarnification and hornfelsing are interpreted to be the results of a buried intrusive and are typical features of porphyry copper systems. Of the 31 historical select grab samples collected within the trenched area, 25 samples assayed greater than 0.1% Cu, and of these, 18 samples assayed greater than 1.0% Cu. A high grade select grab sample collected in 1988 from one trench yielded 33.4% copper, 11,073 g/t Ag (356 oz/t), and 6.5 g/t Au (0.21 oz/t). The copper-silver mineralization appears to be controlled by a North trending fault with the higher copper-silver concentration occurring on the east side of the interpreted fault.

Outside the trenched area, outcrop sampling identified three additional areas of significant copper-silver mineralization hosted in andesitic volcanics. One area is located approximately 1.6 kms north of the trenched area and returned two select samples that yielded 27,845 ppm (2.78%) copper-343.8 ppm Ag and 13,344 ppm (1.33%) copper-106.2 ppm Ag. The second area is located approximately 400m north and east of the trenched area and returned two select samples yielding 15,100 ppm (1.51%) copper-7.8 ppm Ag and 99,999 ppm (9.99%) copper-328.2ppm Ag. The third area is located approximately 800m south of the trenched area and two select samples returned 32,115 ppm (3.21%) copper-8.5pppm Ag and 13,841 ppm (1.38%) copper-4.2 ppm Ag. All areas of significant copper-silver concentration fall within a generally north trending area with an estimated minimum width of 400-600m and a potential strike length of 4kms. The areas between the trenched area and these two copper-silver showings show no record of additional sampling.

The Erin target includes the Del Showing, which is described as consisting of disseminated chalcopyrite, bornite, malachite, azurite, and pyrite in Hazelton Group volcanics. Historical select grab samples assayed from 0.21% to 6.14% Cu and up to 25.3 g/t Ag.

**Gold-Silver Target**
This gold-silver target is located within the Lynx Target and covers an area that measures approximately 2,400m by 1,000m. This target hosts the Jewelry Box, Central, Ridge, and East Ridge gold showings. Historical rock and soil sampling surveys have outlined widespread gold-silver in rock and in soil geochemical anomalies. These anomalies are underlain by silicified Hazelton Group volcanics that have been intruded by dikes, sills and stocks of granite and monzonite composition along three NNE trending faults. Epidote-quartz-pyrite, silicification and iron carbonate are the main types of alteration within this target.

**The Jewelry Box** showing consists of gold-silver-copper mineralization as disseminations, fracture fillings, bands of pyrite and in quartz-pyrite veins in silicified breccias and silicified pyritized hornfels. Select historical grab sampling of outcrops returned values from 0.35g/t to 37.6 g/t Au, from 2.7g/t to 75.5 g/t Ag and from 150 to 13,000 parts per million ("**ppm**") (1.3%) Cu. Quartz vein float containing 1,335 ppm Cu and 2,940 ppb (2.94g/t) Au approximately 50m east of the Jewelry Box showing suggests the zone may be more extensive. In 2012 International Samuel completed an airborne magnetic survey, an Induced Polarization survey and drilled two diamond drill holes in the Jewelry Box showing. Reported analytical results include mineralized intervals that returned 0.35 m averaging 2.23 g/t Au and 0.3% Cu, 2.6 m grading 0.16% Cu and 0.4 g/t Au and 0.26% Cu over 0.45 m. The core interval between 167.70 m and 181.10 m in DDH JBDD-12-01 containing patches of epidote with trace disseminated chalcopyrite and pyrite were not sampled. These drilling results have not been verified by Aurwest and do not explain the widespread gold-silver copper mineralization in outcrop and soil geochemical anomalies. Disseminated copper-gold mineralization appears to be related to silicified and pyritized volcanic and intrusive rocks.

The **Central** showing is located between the Jewelry Box and Ridge showings. Select rock sampling returned from 0.017g/t to 4.92g/t Au, from 0.2g/t to 133.4 g/t Ag and from 40 to 865 ppm Cu. Approximately 100 m north of the Jewelry Box showing sampling of a quartz-iron-carbonate altered breccia returned 19,960 ppm (1.99%) Cu, 972 ppm arsenic and 2,350 ppb (2.35g/t) Au. Very little analytical data has been reported for the **Ridge** gold showing. Select historical sampling returned values from 4.2g/t to 18.3g/t Au and from trace to 25.5 g/t Ag.

The **East Ridge** showing is located approximately 250m east of the Ridge showing and historical select grab sampling returned 2.6 g/t and 3.02 g/t Au. Samples from this area exhibit a high background values for copper, zinc, silver, and antimony. Much of the precious metal mineralization appears to be related to felsite dykes which cut both the intrusive and volcanic rocks.

**Future**
During the next quarter, Aurwest intends to complete a detailed compilation and digitization of the historical data to prepare a data base for the project. This compilation and data base would then be used to prioritize areas for a 2021 exploration program on the Erin, and Lynx porphyry copper targets. The possibility of conducting a property wide VTEM geophysical survey to identify zones of resistivity changes due to alteration and intrusive activity, possibly associated with a porphyry target is under consideration. Stream sediment sampling and mapping programs in the vicinity of the Orion, Big Dipper and Cassiopeia targets are also under consideration.

For the three months ended August 31, 2020 (expressed in Canadian dollars)

**SUMMARY OF INTERIM OPERATING AND FINANCIAL RESULTS**

| | For the three months ended August 31, | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| **EXPENSES** | | |
| Marketing and promotion | **1,404** | 2,083 |
| Loan interest | **805** | 1,606 |
| Office and general | **1,297** | 633 |
| Professional fees | **50,459** | 43,250 |
| Regulatory and filing | **1,693** | 4,303 |
| Share-based compensation | **105,266** | - |
| **OPERATING LOSS** | **(160,924)** | (51,875) |

The operational and financial highlights for the three months ended August 31, 2020 and 2019 are as follows:

- The Company has not generated revenue to date and the net operating loss for the three months ended August 31, 2020 increased 210% to $160,924 compared to $51,875 for the three months ended August 31, 2019 which was largely due to the options that were granted and immediately vested June 10, 2020.
- Marketing and promotion expense for the three months ended August 31, 2020 decreased 33% to $1,404 compared to $2,083 for the three months ended August 31, 2019.
- Loan interest for the three months ended August 31, 2020 decreased 50% to $805 compared to $1,606 for the three months ended August 31, 2019 largely due to decreased loan balances from debt settlements.
- Office and general expense for the three months ended August 31, 2020 increased 104% to $1,297 compared to $633 for the three months ended August 31, 2019 mostly due to office set up and online infrastructure to streamline office functions.
- Professional fees for the three months ended August 31, 2020 were relatively unchanged increasing 17% to $50,459 compared to $43,250 for the three months ended August 31, 2019.
- Regulatory and filing expense for the three months ended August 31, 2020 decreased 61% to $1,693 compared to $4,303 for the three months ended August 31, 2019 largely due to increased efficiencies and slower activity over the summer.
- Share-based compensation for the three months ended August 31, 2020 was $105,266 compared to Nil$ for the three months ended August 31, 2019 due to options granted to the board and management. The options all vested upon being granted so a large share-based compensation expense was recorded during the period.

**SUMMARY OF QUARTERLY RESULTS**

| | **2020** | **2020** | | | | **2019** | | |
|---|---|---|---|---|---|---|---|---|
| **$** | **Q1 Aug 31** | **Q4 May 31** | **Q3 Feb 29** | **Q2 Nov 30** | **Q1 Aug 31** | **Q4 May 31** | **Q3 Feb 28** | **Q2 Nov 30** |
| Net loss | (107,244) | (33,002) | (109,750) | (64,086) | (43,956) | (229,452) | (52,789) | (62,486) |
| Per share (basic/diluted) | (0.01) | (0.00) | (0.01) | (0.00) | (0.01) | (0.01) | (0.01) | (0.01) |

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

As an exploration company, Aurwest has no regular cash in-flow from operations, and the extent of its operations is principally a function of the availability of capital resources. To date, the primary source of funding has been equity financing.

As of August 31, 2020, the Company's cash position was $63,294 (August 31, 2019 - $9,043).

Major expenditures are required to establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities. The recoverability of valuations assigned to exploration and development mineral properties are dependent upon the discovery of economically recoverable reserves, the ability to obtain necessary financing to complete such exploration and development as well as the future profitable production or proceeds from potential dispositions.

Management reviews the carrying value of the Company's interest in each property and, where deemed necessary, exploration and evaluation mineral properties are written down to their estimated recoverable amount. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets.

Many factors influence the Company's ability to raise funds, and there is no assurance that the Company will be successful in obtaining adequate financing at favourable terms for these or other endeavours, including general working capital purposes.

### Working Capital

As of August 31, 2020, Aurwest had working capital of ($229,499) August 31, 2019 – ($400,781). The working capital increased for the three months ended August 31, 2020 to the three months ended August 31, 2019 largely due to the May 25, 2020 equity financing.

The Company manages its working capital through conscientious controlling of spending on its properties and operations. Due to the on-going planned advancement of project milestones for the Stellar project over the near term, Aurwest intends to continue to incur expenditures without revenues and accumulate operating losses. As a result, the Company needs to obtain adequate financing to fund future exploration and development. It is not possible to predict whether future financing efforts will be successful or whether financing on favourable terms will be available.

As of August 31, 2020, Aurwest has loans payable of $37,377 in the form of unsecured loans with no set repayment terms.

For the three months ended August 31, 2020 (expressed in Canadian dollars)

**Cash Flow Highlights for the three months ended August 31, 2020**

| | Three months ended August 31, | |
|---|---|---|
| | **2020** | 2019 |
| | **$** | $ |
| Net cash used in operating activities | **(57,366)** | (77,555) |
| Net cash used in investing activities | **(7,000)** | (24,678) |
| Net cash provided by financing activities | **(25,397)** | 95,000 |
| **Change in cash** | **(89,763)** | (7,233) |
| **Cash, beginning of the period** | **153,057** | 16,276 |
| **Cash, end of the period** | **63,294** | 9,043 |

**Cash Flow for the period ended August 31, 2020**

Operating Activities

Cash used in operating activities for the three months ended August 31, 2020 was $57,366 compared to $77,555 in the three months ended August 31, 2019 mostly due to a larger net loss and prepaid expenses in the three months ended August 31, 2019.

Investing Activities

Cash used in investing activities for the three months ended August 31, 2020 was $7,000 compared to $24,678 in the three months ended August 31, 2019 largely due to higher exploration and evaluation expenses on the Company's mineral properties.

Financing Activities

Cash used by financing activities for the three months ended August 31, 2020 was $25,397 compared to cash provided of $95,000 in the three months ended August 31, 2019, this is primarily due to a loan that was paid and a private placement in the three months ended August 31, 2019.

**Capital Resources**

As of August 31, 2020, the Company had $256,719 in long term assets and $63,294 in cash.

**Commitments**

At August 31, 2020, the Company had the following loans payable:

1. From a non-related party, a series of unsecured loans totaling $17,200 (May 31, 2020 - $17,200), with interest accruing at 12% per annum from the date of issue and no specific terms of repayment. During the three months ended August 31, 2020, the Company recorded $520 (2019 - $384) in interest on the loan amounts. Total accrued interest at August 31, 2020 was $8,458 (May 31, 2020 - $1,934).

2. From a former director's spouse of the Company, $9,400 (May 31, 2020 - $9,400), with interest accruing at 12% per annum from the date of issue and no specific terms of repayment. During the three months ended August 31, 2020, the Company recorded $284 (2019 - $284) in interest on the loan amounts. Total accrued interest at August 31, 2020 was $2,218 (2019 - $1,934).

For the three months ended August 31, 2020 (expressed in Canadian dollars)

At the year ended May 31, 2020 the Company had an unsecured loan from a non-related party, the estate of a former director, with a principal amount of $21,000 and accrued interest of $12,607 with no specific repayment terms that had been outstanding since June 1, 2015. On June 24, 2020 the loan was settled through a debt settlement agreement that also included settling all accrued liabilities owed to the former director. The debt settlement agreement was executed with the executors of the estate of the director to clear the entire amount of the loan, accrued interest, and all accrued liabilities owed for $25,397. This amounted to a $8,210 gain on the settlement of debt and a gain of $43,970 on the entire write off of the accrued liabilities.

**Debt Settlements for the period ended August 31, 2020**

| Accounts | Gross Amount Settled | Debt for Share Settlement | Cash Settlement | Total Settlement | Number of Shares | Gain on Settlement |
|---|---|---|---|---|---|---|
| Loans Payable | $33,607 | $0 | $25,397 | $25,397 | 0 | $8,210 |
| Accrued Liabilities | $46,970 | $0 | $1,500 | $1,500 | 0 | $45,470 |
| **Balance August 31, 2020** | **$80,576** | **$0** | **$26,897** | **$26,897** | **0** | **$53,680** |

## RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate values of transactions relating to key management personnel were as follows:

| | | Three months ended August 31, **2020** | 2019 |
|---|---|---|---|
| Consulting fees paid or accrued to a company controlled by former officers and directors | **$** | **-** | 69,650 |
| Consulting fees paid or accrued to the former CFO | | **-** | 13,500 |
| Exploration expense paid or accrued to a company controlled by a former director | | **-** | 5,316 |
| Consulting fees paid or accrued to current corporate officers or a company controlled by a current corporate officer | | **65,599** | 47,945 |
| Stock-based compensation – former directors and officers | | **-** | - |
| Total fees and other short-term benefits | **$** | **65,599** | 136,411 |

Included in due to related parties at August 31, 2020, $63,000 (May 31, 2020 - $230,263) was owing to key management personnel or to a company controlled by a director or by key management personnel. The amounts are non-interest bearing, unsecured, and have no specific terms of repayment.

At May 31, 2020, the Company had a loan of $21,000 plus accrued interest of $12,607 due to the estate of a former director. On June 24, 2020, the loan along with agreed upon interest charges was settled through a debt settlement agreement for the amount of $25,397. At May 31, 2020, the Company had an accrued liability of $3,000 due to the estate of a former officer of the Company. On July 21, 2020, the accrued liability was settled through a debt settlement agreement for the amount of $1,500.

As of August 31, 2020, there were no management contracts, officer or employee related commitments other than amounts owed for consulting services in accounts payable.

## RISKS AND UNCERTANTIES

### It is Indeterminable if Exploration Properties Will Result in Profitable Commercial Mining Operations

Mine development projects, specifically the Stellar project, require significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors, including estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future metal prices, and anticipated capital and operating costs. The Stellar project have no operating history upon which to base estimates of future production and cash operating costs. Particularly for development projects, estimates of Proven and Probable Mineral Reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

Any of the following events, among others, could affect the profitability or economic feasibility of a project. Unanticipated changes in grade and tons of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability and costs of labor, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental), fluctuations in metals prices, foreign exchange rates, accidents, labor actions and force-majeure events.

It is not unusual in new mining operations to experience unexpected problems during the start-up phase, and delays can often occur at the start of production. The actual results for the Stellar project could differ from current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, or increase capital or operating costs above, current estimates. If actual results are less favorable than currently estimated, our business, results of operations, financial condition and liquidity could be materially adversely affected.

### Securing Additional Funding to Bring the Ore Body into Commercial Production

The business of mineral exploration and extraction involves a high degree of risk with very few properties that are explored ultimately achieving commercial production. As a mining company in the exploration stage, the future ability of the Company to conduct exploration and development will be affected principally by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

In turn, the Company's ability to raise such funding depends in part upon the market's perception of its management and properties, as well as metal prices and the marketability of securities of speculative mineral exploration and development companies.

There is no assurance that the Company will be successful in obtaining the required financing.

**Estimates of Mineral Resources may not be Realized**

The Mineral Resource estimates contained in this MD&A are only estimates. No assurance can be given that any level of recovery of metals will be realized or that identified resources will ever qualify as a commercially mineable or viable deposit which can be legally and economically utilized. The Company relies on laboratory-based recovery models to project estimated ultimate recoveries by mineral type. Actual recoveries may exceed or fall short of projected laboratory test results. In addition, the grade of mineralization ultimately mined may differ from the one indicated by the drilling results and the difference may be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical, or engineering work, and work interruptions. Short term factors, such as the need for an orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or the results of those operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in proven and probable reserves or resources, grades, waste-to-minerals ratios, or recovery rates may affect the economic viability of projects. The estimated Mineral Resources described herein should not be interpreted as assurances of mine life or of the profitability of future operations.

**The Company's Activities on its Properties are Subject to Environmental Regulations and Approvals**

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, 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 is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations, or its ability to develop its properties economically. Before production may commence on any property, the Company must obtain regulatory and environmental approvals and permits. There is no assurance such approvals and permits will be obtained on a timely basis, if at all. Compliance with environmental and other regulations may reduce profitability or preclude economic development of a property entirely.

**Title Matters**

In those jurisdictions where the Company has property interests, the Company makes a search of mining records in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. There is, however, no guarantee that title to the Company's properties and concessions will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

**Share Price Risk**

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company, including the market sentiment toward the resource sector and for all resource sector shares, the breadth of the public market for the stock, the need for certain funds to sell shares for external reasons other than those relevant to the Company and the attractiveness of alternative investments. The effect of these and other factors on the market price of the common shares of the Company on the exchanges on which the common shares are listed suggests that the share price will be volatile.

For the three months ended August 31, 2020 (expressed in Canadian dollars)

## PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions; however, the Company from time to time does review potential property acquisitions and divestitures, in addition to conducting further exploration work on its property. The Company releases appropriate public disclosure as it conducts exploration work on its existing property and if the Company acquires or divests future properties.

## DISCLOSURE OF OUTSTANDING SHARE CAPITAL DATA

### Authorized

The Company is authorized to issue an unlimited number of commons shares without par value.

### Issued

As of the date of this report the Company had the following outstanding:

- 56,971,087 common shares

**Stock Options**

| Number of Options | Exercise Price | Expiry Date |
|---:|---:|---:|
| 75,000 | $0.24 | February 16, 2023 |
| 2,200,000 | $0.025 | June 10, 2022 |
| **2,275,000** | | |

**Agent Purchase Warrants**

| Number of Warrants | Exercise Price | Expiry Date |
|---:|---:|---:|
| 23,375 | $0.20 | December 28, 2020 |
| 10,625 | $0.20 | February 25, 2021 |
| 2,144,100 | $0.10* | October 1, 2023 |
| **2,178,100** | | |

*Each share purchase warrant is exercisable into one common share at a price of $0.10 for the first 18 months and $0.15 if exercised any time after 18 months from the initial date of grant but no later than 36 months from the date of grant.

**Share Purchase Warrants**

| Number of Warrants | Exercise Price | Expiry Date |
|---:|---:|---:|
| 221,250 | $0.20 | December 28, 2020 |
| 155,407 | $0.20 | February 25, 2021 |
| 1,187,500 | $0.16 | July 29, 2021 |
| 27,106,000 | *$0.10 | September 15, 2023 |
| **28,670,157** | | |

*Each share purchase warrant is exercisable into one common share at a price of $0.10 for the first 18 months and $0.15 if exercised any time after 18 months from the initial date of grant but no later than 36 months from the date of grant.

On August 17 and October 24, 2020 123,625 and 17,857 share purchase warrants respectively expired unexercised.

***For the period ended August 31, 2020***

For the three months ended August 31, 2020 no shares were issued.

## OFF-BALANCE SHEET ARRANGEMENTS

During the period ended August 31, 2020, the Company was not party to any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations, financial condition, revenues, expenses, liquidity, capital expenditures or capital resources of the Company.

## CRITICAL ACCOUNTING ESTIMATES

The preparation of the audited financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. The Company bases its estimates and assumptions on current and various other factors it believes to be reasonable under the circumstances. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

<u>*Judgements*</u>

*Exploration and evaluation expenditures*

The application of the

Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

*Title to mineral property interests*

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

*Going Concern*

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

*Estimates*

*Share Based Compensation*

The Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value of share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models use for estimating fair value for share-based payment transactions are disclosed in.

## OUTLOOK

Management and board are actively pursuing opportunities in the mining sector and looking at potential transactions to grow Aurwest's property base. It has become quite competitive with the increase in price of metals, especially gold. COVID-19 makes travel difficult outside of Canada to evaluate opportunities, but there are some new trends in Canada the board is reviewing. The new board and management are thankful for the existing and new shareholders that participated in the last financing that closed on gross proceeds of $1,355,300. COVID-19 is expected to continue to keep markets volatile and depress business activity levels and investment.

The Company plans to spend capital over the next year on their Stellar property to determine how strategic the property will be for the Company in the future.

## APPROVAL

The Audit Committee of Aurwest has reviewed and approved the disclosures contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and it is also available under our SEDAR profile at www.sedar.com.