

**CANADIAN NORTH RESOURCES INC.  
(FORMERLY CANADIAN NORTH RESOURCES AND  
DEVELOPMENT CORP.)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Canadian North Resources Inc. (the "Company" or "Corporation" or "Canadian North") constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2021 and 2020. The Company was previously named as Canadian North Resources and Development Corp., which was changed to Canadian North Resources Inc. on November 9, 2020.

This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2021 and 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the year ended December 31, 2021 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at April 27, 2022 unless otherwise indicated.

The consolidated 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").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

## **Caution Regarding Forward-Looking Statements**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Canadian North's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Canadian North's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## **Description of Business**

Canadian North is an exploration and development company, focusing on the platinum-group metals (PGM) for high-tech and clean energy and the base metals for battery electric vehicles. The Company currently owns 100% interest in the Ferguson Lake property in the Kivalliq region of southern Nunavut Territory. It is an advanced exploration project that contains palladium, platinum, rhodium, copper, nickel and cobalt.

## **Outlook and Overall Performance**

The Company has no revenues, so its ability to ensure continuing operations is dependent on it completing the acquisition of its mineral property interests, the discovery of economically recoverable reserves, confirmation of its interest in the underlying mineral property, and its ability to obtain necessary financing to complete the exploration activities, development and future profitable production.

At December 31, 2021, the Company had a net working capital of \$16,792,080 (December 31, 2020 – deficit of \$50,404). The Company had cash and cash equivalents of \$19,025,817 (December 31, 2020 - \$1,553,324). Working capital and cash and cash equivalents increased during the year ended December 31, 2021 due to private placements completed during the period offset by exploration and evaluation expenditures, purchase of property and equipment and general and administrative expenses.

The Company has sufficient capital to meet its ongoing operating expenses and continue to meet its obligations on its current projects for the twelve-month period ending December 31, 2022. Management may increase or decrease budgeted expenditures depending on exploration results and ongoing volatility in the economic environment. See "Liquidity and Financial Position" below.

## **Qualified Person**

Trevor Boyd, Ph.D., P.Geo., a geologist in good standing with the Professional Geoscientists Ontario (PGO) and Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists (NAPEG) is the Qualified Person for the Exploration section within the meaning of National Instrument 43-101 ("NI 43-101") Standards of Disclosure for Mineral Projects and has reviewed and approved its scientific and technical content.

On March 10, 2021, Dr. Boyd completed the NI43-101 Technical Report for the Ferguson Lake project that the Company owns 100% of the interest and on July 18, 2021, Dr. Boyd updated the NI43-101 Technical Report.

## **Mineral Property**

### The Ferguson Lake Property

On June 7, 2013, the Company completed the acquisition of the Ferguson Lake Property. The property is in the Kivalliq region of southern Nunavut Territory some 250 kilometres west of Rankin Inlet and 170 kilometres south-southwest of Baker Lake.

The Ferguson Lake Property consists of 10 contiguous mining leases comprising an area of 9.686 hectares (23,935 acres), and all the mining leases remain active until 2028.

The ongoing management of the Ferguson Lake Property and Project holdings requires the maintenance of careful attention to the care of the environment, historical artifacts, and local community and socio-economic relationships. A series of permits and licenses need to be kept in good standing in order to operate successfully and retain free ownership of the holdings. Canadian North Resources Inc. is a registered incorporated extra-territorial corporation with the Nunavut government and holds a prospecting license in good standing with Department of Aboriginal Affairs and Northern Development Canada.

The property includes a 15-kilometer-long sulphide mineralization belt that includes a total of 10 zones, i.e., the South Discovery Zone, 119 Zone, West Zone, West Extension, West Zone South, Central Zone, East Zone I and II, M-Zone, and Anomaly 51. A total of 191,000 metres were drilled in 623 holes mostly on the West Zone and West Extension Zone.

The Ferguson Lake project had undergone a series of resource estimations which cumulated in 2011 with the completion of a Preliminary Economic Assessment of the Ferguson Lake Property resulting in the filing of a National Instrument 43-101 Independent Technical Report by Roscoe Postle Associates Inc. for Starfield Resources Inc. Upon filing in 2011, the estimated tonnages and grades in the deposit main West and West Extension zones was calculated as 15.8 Mt of Indicated Resources at 0.65% Ni, 0.99% Cu, 0.07% Co, 1.55 g/t Pd, 0.25 g/t Pt, 38.04% Fe and 20.90% S plus 20.8 Mt of Inferred Resource at 0.67% Ni, 1.11% Cu, 0.08% Co, 1.72 g/t Pd, 0.28 g/t Pt, 40.0% Fe and 22.1% S. For the separate East Zone, there was reported 9.4 Mt Inferred Resource at 0.65% Ni, 0.76% Cu, 38.41% Fe and 21.16% S with insufficient analyses of Co, Pd and Pt completed to include those grades.

It is emphasized that these are now historical estimates provided for information only. They were originally filed on SEDAR but are now outdated, no longer valid and not to be relied upon as being 43-101 compliant. A significant re-evaluation at today's gold prices and economic conditions would have to be completed to upgrade this historic estimate as current mineral resources.

In particular, the historic resources were economically assessed at only Cu + Ni + Co NSR cutoffs of C\$75 (open pit); and C\$110 (underground) at 2011 metal prices. Potential to add significant tonnage and value with the addition of PGM (palladium, platinum, and rhodium) grades. The mineral deposit was modeled for massive sulfides (>50%); but, significant disseminated sulphide PGM rich mineralization is hosted in the thick gabbro units. There is significant potential for the addition of significant PGM rich tonnage by including these lower sulfide zones. Moreover, the rhodium content of the mineralization zones has never been systematically evaluated. Multiple intersections such as 1.25 m of 0.46 g/t Rh and 1.6 g/t Pd in hole FL04-195 and 1.6m of 0.32 g/t Rh and 1.2 g/t Pd in hole FL05-230 hosted in Cu-Ni-Co sulphides are reported.

### **Corporate Highlights**

- On March 1, 2021, the Company appointed Michael Weeks as a director of the Company.
- On March 1, 2021, the Company appointed Carmelo Marrelli as Chief Financial Officer of the Company.
- On March 15, 2021, the Company received the NI43-101 Technical Report for the Ferguson Lake project from the independent QP, Trevor Boyd.
- On February 28, 2021, the Company completed the first closing of the Series 1 Private Placement No. 1 (PP1) which consisted of 9,451,253 Series 1 Shares and 4,725,627 Series 1 Warrants for gross proceeds of \$7,088,440. The Company valued the unit consisting of one Series 1 Share and ½ Series 1 Warrant exercisable at \$1.50 per share. The Warrants were valued at \$nil because the Warrants are not listed on the market therefore are not value separately.
- On March 23, 2021, the Company issued an Offering Memorandum for the proposed offering of a minimum of 2,000,000 and a maximum of 3,000,000 Special Warrants at a price of \$1 per Special Warrant for gross proceeds of a minimum of \$2,000,000 and a maximum of \$3,000,000. Each Special Warrant will be automatically exercised, without payment of additional consideration and without any further action on the part of the holder, subject to the terms of the Special Warrant Indenture, into one Common Share upon the successful listing of the Company's common shares on the TSX Venture Exchange.
- On April 30, 2021, the Company completed the second closing of PP1 which consisted of 3,882,080 Series 1 Shares and 1,941,036 Series 1 Warrants for gross proceeds of \$2,911,560. With the two closings, PP1 was completed which consisted of 13,333,333 Series 1 Shares and 6,666,666 Series 1 Warrants for gross proceeds of \$10,000,000.
- On April 30, 2021, the Company completed the first closing of Series 1 Private Placement No. 2 (PP2) which consisted of 882,120 Series 1 Shares and 441,059 Series 1 Warrants for gross proceeds of \$661,590.
- On May 31, 2021, the Company closed the offering by way of Offering Memorandum of Special Warrants at a price of \$1 per Special Warrant for gross proceeds of \$2,223,698.
- On March 15, 2021, the Company granted 100,000 warrants to a consultant to purchase common shares at the price of \$1.00 per common share.
- On June 16, 2021, the Company filed a Preliminary Prospectus with the securities regulatory authorities in the Provinces of Ontario, Alberta, British Columbia and New Brunswick.

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- On June 20, 2021, the Company opened up the field camp with the permission from the Nunavut Government and Manitoba Government. The camp was opened mainly for the major repair of the camp that had been intruded twice and not been properly maintained since 2012. The team (including technicians, mechanics and engineers and other professionals) repaired the airstrip and the buildings on the camp, purchased and shipped supplies and materials to the camp, replaced with new parts for the equipment and vehicles on site, did maintenance and repairs on all the heavy equipment and vehicles, installed the satellite phone and internet communication system, repaired the water supply system and the drainages, treated the waste water, and removed the garbage from the camp by shipping it out to the governmental designated area in Manitoba. Also, the Company supported the environmental and safety inspections from the Nunavut Government. The team supported the independent Qualified Person to complete his most recent visit and technical checking for his updating the NI43-101 Technical Report. The team also supported the independent consultants to conduct environmental assessments and to take various samples on the property. The Company also interacted with the governmental agencies and local communities to renew the licenses, permits and permissions for operation. The team also ordered and shipped to the camp with fuel, supplies and materials to support for the winter exploration programs that has been planned to follow the recommendation of the NI 43-101 Technical Report.
- On July 18, 2021, the Company received the updated NI43-101 Technical Report for the Ferguson Lake project from the independent QP, Trevor Boyd.
- On September 20, 2021, the Company closed the field camp.
- On September 13, 2021, the Company filed an Amended and Restated Preliminary Prospectus with the securities regulatory authorities in the Provinces of Ontario, Alberta, British Columbia and New Brunswick.
- On October 22, 2021, the Company completed the second closing of PP2 which consisted of 12,450,000 Series 1 Shares and 6,225,000 Series 1 Warrants. Combined with the first closing of PP2, the Company issued a total of 13,332,120 units consisting of 13,332,120 Series 1 Shares and 6,666,060 Series 1 Warrants for a total of \$9,999,089.
- On January 17, 2022, the Company completed the share conversion of Series 1 Shares into the Common Shares at the ratio of 1:1. The Series 1 Warrants were converted into the Warrants at the ratio of 1:1. The conversion of the Series 1 Shares which were outstanding as at December 31, 2021 has been applied retrospectively to the loss per share calculation.
- On January 20, 2022, the Company filed a Preliminary Prospectus with the securities regulatory authorities in the Provinces of Ontario, Alberta, British Columbia and New Brunswick.
- On March 28, 2022, the Company filed the final Prospectus with the securities regulatory authorities in the Provinces of Ontario, Alberta, British Columbia and New Brunswick.
- On April 5, 2022, the Company's common shares were listed and admitted to trading on the TSX Venture Exchange. At the opening on April 7, 2022, trading commenced under the trading symbol CNRI.
- On April 5, 2022, the 2,223,698 special warrants of the Company were automatically converted into common shares.

- On April 5, 2022, the Company entered into option agreements with its directors and officers to purchase an aggregate of 771,698 common shares, at an exercise price of \$1.00 per share. These options expire on April 4, 2027.
- On April 11, 2022, the Company announced it has commissioned the new resource estimation in accordance with NI 43 – 101 in respect of its Ferguson Lake Property. The new estimation will include previously excluded PGE mineralization plus diamond drilling and assays completed after the previous resource calculation.
- On April 19, 2022, the Company announced that two drill rigs have commenced diamond drilling at its Ferguson Lake Property in Nunavut, Canada.

### **Exploration and Metallurgical Tests**

Since the Company acquired the Ferguson Lake project in June 2013, exploration programs and metallurgical tests have been carried out. During the summers of 2013, 2015 and 2018, work programs were conducted on the Ferguson Lake Property by the Company with the main purpose of completing surface explorations and technical evaluations. This work included prospecting, lithogeochemical sampling of outcrop and historic drill core plus ground magnetic and VLF surveys. During the programs, in total 410 rock samples were submitted for analysis at accredited laboratories. Standards and blanks were inserted in most of the batches as well as in-house standards and blanks inserted at the laboratories. Duplicates analyses of selected sample pulps were completed at third party laboratories.

During 2013, an independent review was completed by the Company of the Ferguson Lake mineral resource model discussed in the aforementioned 2011 Preliminary Economic Assessment. Within this review, there was a re-examination and re-building of the West and West Extension mineralized zones of the deposit applying five main differences from the previous criteria as follows:

- Wireframes were constructed using a Pd + Pt cut-off grade 1.0 g/t instead of a cut-off based upon NSR of Ni, Cu and Co (but not Pd and Pt) which has been applied for the 2011 resource estimation.
- A minimum mining width of 3 metres instead of 2.5 metres
- Incorporation into the model of the 2011 drilling results completed by Starfield Resources
- The addition of footwall zones of low-sulphide platinum group metals rich mineralization based upon the 1.0 g/t Pd + Pt cut-off.
- The East Zone was not included in this resource review due to the lack of Pd and Pt analyses in that portion of the deposit. It is noted that based upon its similar mineralization to the West Zone and supported by drilling completed by Starfield, the East Zone is considered to possess similar Pd and Pt grades.

The deposit review demonstrated that the use of a Pt + Pd cut-off grade successfully resulted in the creation of coherent more contiguous wireframe models around the mineralized zones which included enveloping lower sulphide contents resulting in an overall thicker and less variably shaped mineralized bodies. It was concluded that the use of such a cut-off is appropriate for any future resource estimation but must be in conjunction with a demonstration of the viable metallurgical recovery of Pd and Pt from the mineralized material.

During 2013 - 2014, the Company implemented a metallurgical testing program consistent with its change of focus to develop the platinum group metal potential of the deposit. Approximately 250 kilograms of the massive sulphide bulk sample mineralization stored on-site in an enclosed dark building was picked and packed into buckets to be shipped to Toronto for metallurgical testing. The goal of the testing program was to produce at a bench level concentrate from the secondary residue material that had been created from the development of downstream unit processes (Ni, Cu, and Co) from the hydrometallurgical testing program previously completed for Starfield Resources Inc. Analyses of the materials and liquors created from Starfield Resources' previous program suggested most of the Pd and Pt and to a lesser extent Au, Ag and Rh remained in the final residue material for which metallurgical test results indicated overall recoveries of 99% for Cu, 91% for Co, 50% for Pt, 77% for Pd and 94% for Ni.

The purpose of the 2015 Ferguson Lake exploration program was to conduct ground follow-up on potentially metalliferous and/or diamondiferous target areas both within and outside the Company's mineral rights holdings at the time. The program consisted of helicopter supported surface reconnaissance prospecting, rock chip and till sampling and ground geophysical surveys performed by the Company. The program was completed from July 26–August 16, 2015 during which the Ferguson Lake Camp was re-opened to maintain the facilities and equipment and support the exploration work.

During 2015 - 2016, a new series of flotation tests were completed on two massive sulphide composites obtained from the bulk sample material which was stored at the Ferguson Lake camp. The primary objective of the program was to establish flotation conditions suitable to recover most of the copper value into a copper concentrate and the balance of the pay-metals into a bulk Cu / Ni concentrate.

The metallurgical testing program identified two possible flowsheet alternatives for the mineralized material which are outlined as follows:

- The generation of a high-grade saleable copper concentrate plus a low-grade bulk concentrate with high overall recoveries of 99% copper, 87% nickel, 90% cobalt, and 90-95% Pd+Pt. The low-grade bulk concentrate would require further upgrading in a hydrometallurgical circuit.
- The second updated flowsheet produces a high grade copper concentrate and a salable bulk Cu/Ni concentrate (10.1% copper + nickel) with much lower overall recoveries of 98% copper, 61% nickel, 55% cobalt, and 35-75% Pd+Pt.

For the 2018 program, a helicopter supported follow-up surface rock geochemistry sampling program collecting 55 grab and chip samples was completed for the Property and surrounding area. Nearly all the samples were obtained from outside the present property boundaries thus this work is not considered material. The results were generally low with highest value from a grab sample reported of 2,400 ppm Cu, 1,750 ppm Ni, 290 ppm Co, 0.89 ppm Pd and 0.33 ppm Pt.

### **Working Programs Planned**

In 2020 winter, the Company moved a pilot plant ore crusher by the snow train to the field camp at Ferguson Lake and took out about 200 kilograms bulk sulfide samples to Toronto for further metallurgical tests. The Company plans to expand the resource by diamond-drilling exploration for high-grade PGM and base metal zones along the mineralization belt, remodel the resource estimates, expand metallurgical testing, update technical reports, advance towards feasibility studies. These work plans are scheduled over the 2021-22



period with expectations for definition drilling, environmental field studies, metallurgical testing, and development activities into 2023 and beyond.

- Re-model and re-estimate resource to include PGM in the cutoff grades.
- Expand metallurgical tests with current and alternative processing technologies for target PGM and base metals.
- Drilling for high-grade nickel-copper massive sulfides with the ultramafic intrusions and high-grade PGM resources in the low-sulfide mineralization zones.
- Establish high-grade resources for PGM in low sulfide zones with definition drilling along the known mineral zones.
- Environmental / engineering studies and community engagement

## **Trends**

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the prices of nickel, copper, cobalt, palladium, platinum and rhodium will be favourable and hence, it may be possible to obtain additional funding for its projects. However, the Company remains cautious in case the economic factors that impact the mining industry deteriorate.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global mineral prices;
- Demand for minerals and the ability to explore for minerals;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding

COVID-19 has impacted the Company's business significantly. Due to COVID-19 pandemic, the Company was unable to visit the camp site last year and had to postpone exploration until 2021. The Company only managed to open the camp in late June 2021. There is also an increase in cost. The Company is unable to go through Rankin Inlet in Nunavut due to the COVID restrictions. The Company has to go through Churchill and Thompson, Manitoba, for all the supplies and logistical supports for the field exploration.

The Company has implemented the protocol for COVID-19 at the camp site now. All personnel is required to have 1 vaccine and must undergo COVID testing prior to arriving at Camp. There is also a medical technician at the camp who takes the body temperature of all personnel on site and maintains a daily log. Implementation of camp policy for social distancing and good hygiene practice to limit the spread. In addition, the medical technician also has rapid testing kits. All this is to ensure that the Camp is a bubble. If for any reason whatsoever the burst, all personnel at the camp will undergo rapid COVID testing.

At the date of this Interim MD&A, the Canadian government has not introduced measures that have materially impeded the operational activities of the Company. Management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

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Apart from these and the risk factors noted under the heading "Risks and Uncertainties", the Company is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

### **Off-Balance-Sheet Arrangements**

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

### **Proposed Transactions**

The Company routinely evaluates various business development opportunities which could entail optioning properties, direct acquisitions, trades and/or divestitures. In this regard, the Company is currently in discussions with various parties, other than the transactions discussed in the "Corporate Highlights" section above, no definitive agreements with respect to any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

### **Environmental Contingency**

The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of December 31, 2021, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

### **Selected Annual Financial Information**

	Years Ended December 31,		
	2021 (\$)	2020 (\$)	2019 (\$)
Net loss for the year	1,449,069	304,198	86,797
Basic and diluted loss per share	(0.02)	(0.00)	(0.00)
Total assets	25,311,407	4,246,757	2,528,529

- Net loss for the year ended December 31, 2019 was comprised of management fees of \$40,680, rent of \$24,000, depreciation of \$13,410, professional fees of \$8,000 and office and general of \$707.

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- Net loss for the year ended December 31, 2020 was comprised of management fees of \$36,000, rent of \$24,000, depreciation of \$25,291, professional fees of \$203,031 and office and general of \$15,876.
- Net loss for the year ended December 31, 2021 was comprised of management fees of \$215,333, rent of \$24,000, depreciation of \$25,107, professional fees of \$734,592, insurance of \$43,900, commission of \$23,840 and office and general of \$402,747 offset by interest income of \$20,450.

### Selected Quarterly Financial Information

As Canadian North has no revenue, the Company's ability to fund its operations is dependent upon its ability to secure financing through equity issues or the sale of assets. The value of any resource property assets is dependent upon the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to complete exploration and development, and the future profitable production or proceeds from disposition of such properties. See "Trends" above and "Risk Factors" below.

A summary of selected information for each of the eight most recent quarters is as follows:

Three Months Ended	Total Revenue (\$)	(Loss) income		Total Assets (\$)
		Total (\$)	Per Share (\$)	
2021 – December 31	-	(719,798) <sup>(1)</sup>	(0.01)	25,311,407
2021 – September 30	-	(302,259) <sup>(2)</sup>	(0.00)	25,180,518
2021 – June 30	-	(320,929) <sup>(3)</sup>	(0.01)	20,303,133
2021 – March 31	-	(106,083) <sup>(4)</sup>	(0.00)	11,622,326
2020 – December 31	-	(100,602) <sup>(5)</sup>	(0.00)	4,246,757
2020 – September 30	-	(170,903) <sup>(6)</sup>	(0.00)	2,927,746
2020 – June 30	-	(16,338) <sup>(7)</sup>	(0.00)	2,659,963
2020 – March 31	-	(16,355) <sup>(8)</sup>	(0.00)	2,589,105

- (1) Loss of \$719,798 during the three months ended December 31, 2021 is comprised of professional fees of \$221,752, rent of 6,000, depreciation of \$6,262, management fees of \$59,666, insurance of \$43,900, commission of \$23,840 and office and general of \$358,379.
- (2) Loss of \$302,259 during the three months ended September 30, 2021 is comprised of professional fees of \$140,828, rent of \$6,000, depreciation of \$6,262, management fees of \$134,667 and office and general of \$30,587.
- (3) Loss of \$320,929 during the three months ended June 30, 2021 is comprised of professional fees of \$295,564, rent of \$6,000, depreciation of \$7,470, management fees of \$12,000 and office and general of \$4,259.
- (4) Loss of \$106,083 during the three months ended March 31, 2021 is comprised of professional fees of \$76,448, rent of \$6,000, depreciation of \$5,113, management fees of \$9,000, and office and general of \$9,522.
- (5) Loss of \$100,602 during the three months ended December 31, 2020 is comprised of professional fee of \$67,746, rent of \$6,000, depreciation of \$9,047, management fees of \$5,269 and office and general of \$12,539.
- (6) Loss of \$170,903 during the three months ended September 30, 2020 is mostly comprised of legal and accounting fees of \$135,285, management fees off \$10,391, depreciation expense of \$16,244 and office and general of \$8,858.

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- (7) Loss of \$16,338 during the three months ended June 30, 2020 is mostly comprised of management fees of \$10,170 and office and general of \$6,000.
- (8) Loss of \$16,355 during the three months ended March 31, 2020 is mostly comprised of management fees of \$10,170 and office and general of \$6,048.

The variation of (loss) income over the quarters was mainly due to the timing of office and general and professional fees incurred and there is no seasonality in the Company's business over the past two year.

## **Discussion of Operations**

### Three months ended December 31, 2021 compared with three months ended December 31, 2020

Canadian North's net loss totaled \$719,798 for the three months ended December 31 2021, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$100,602 with basic and diluted loss per share of \$0.00 for the three months ended December 31, 2020. The increase of net loss was principally because of

- Increase of management fees to \$59,666 during the three months ended December 31, 2021 from \$5,269 during the three months ended December 31, 2020. The increased management fee is mainly due to the compensation to the Chairman via a related company, among which, \$16,666 was the last payment of management fee in October of 2021 and no more payment was made after that. The monthly management fee was also increased from \$3,000 to \$6,000 per month during the three months ended December 31, 2021 compared to the three months ended December 31, 2020.
- Increase of professional fees to \$221,752 during the three months ended December 31, 2021 from \$67,747 during the three months ended December 31, 2020. The increase was mainly due to the expenses paid to the accountant, auditor, lawyers and consultants, who were working for the listing process of the Company at TSXV. During the three months ended December 30, 2020, there were no such expenses, as the listing process had not started.
- Increase of office and general to \$358,379 during the three months ended December 31, 2021 from \$12,539 during the three months ended December 31, 2020. The increase was mainly due to the travelling expenses, meals and other sundry expenses, which were reimbursed to the Company's executives and consultants for the increased workload of the Company.

### Year ended December 31, 2021 compared with year ended December 31, 2020

Canadian North's net loss totaled \$1,449,069 for the year ended December 31, 2021, with basic and diluted loss per share of \$0.02. This compares with a net loss of \$304,198 with basic and diluted loss per share of \$0.00 for the year ended December 31, 2020. The increase of net loss was principally because of

- Increase of professional fees to \$734,592 during the year ended December 31, 2021 from \$203,031 during the year ended December 31, 2020. The increase was mainly due to the expenses paid to the accountant, auditor, lawyers and consultants, who were working for the listing process of the Company at TSXV. During the year ended December 31, 2020, there were no such expenses, as the listing process had not started.
- Increase of management fees to \$215,333 during the year ended December 31, 2021 from \$36,000 during the year ended December 31, 2020; The increased management fee is mainly due to the compensation to the Chairman via a related company, among which, \$158,333 was paid for March

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to October of 2021. The monthly management fee was also increased from \$3,000 to \$6,000 per month during the year ended December 31, 2021 compared to the year ended December 31, 2020.

- Increase of office and general to \$402,747 during the year ended December 31, 2021 from \$15,876 during the year ended December 31, 2020. This increase was mainly due to the IT service fees, travelling expenses, meals and other sundry expenses, which were reimbursed to the Company's executives and consultants for the increased workload of the Company.

## Liquidity and Financial Position

The activities of the Company, principally the acquisition and exploration of mineral properties, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. There is no assurance that equity capital will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all.

Cash used in operating activities was \$1,717,652 for the year ended December 31, 2021. Operating activities were affected by net loss of \$1,449,069 plus non-cash items of \$25,107 of depreciation and the negative change in non-cash working capital balances of \$293,690.

Cash provided by financing activities was \$22,822,787 for the year ended December 31, 2021. Financing activities included \$1,900,000 proceeds from shareholders, \$18,699,089 proceeds from unit issuance and \$2,223,698 deposit for units issuance.

Cash used in investing activities was \$3,632,642 for the year ended December 31, 2021 for expenditures on exploration and evaluation assets.

At December 31, 2021, the Company had \$19,025,817 in cash (December 31, 2020 - \$1,553,324).

The Company has no operating revenues and therefore must utilize its funds obtained from equity financing and other financing transactions to maintain its capacity to meet ongoing exploration and operating activities.

As of December 31, 2021, based on current projections, the Company's working capital of \$16,792,079 is sufficient to meet its planned development activities for the financial year ending December 31, 2022. The table below outlines the Company's planned uses of working capital:

<b>Principal purposes:</b>	
<b>Total funds available</b>	\$16,792,080 (1)
To pay the estimated cost of the recommended exploration program	\$5,800,000 (2)
Prospectus and listing costs	\$250,000
Operating expenses for 18 months	\$1,030,000 (3)
Unallocated working capital	\$9,712,080 (4)
<b>Estimated total funds used:</b>	<b>\$16,792,080 (5)</b>

Notes:

- (1) Does not include: \$2,223,698 represented by the sale of the Special Warrants, of which \$2,199,858 is held in trust by Morris McManus Professional Corporation and will be returned to the subscribers if the

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- Qualification Date has not occurred by June 30, 2022.
- (2) Expected to be completed within 10 months from the date work commences.
  - (3) The budget of \$1,030,000 operating expenses over the next 18 month was based on the net total expenses for current period and the foreseeable changes in the expenses of some items. It is anticipated that the professional fees (legal, auditor and accounting) will be reduced significantly after Corporation completes the listing process. Therefore, the budget for the operating expenses for future 18 months is lower than the expenses for current period. The detailed items of the operating activities in the budget over the next 18 months are comprised of (a) management fees of \$108,000; (b) professional fees of \$242,000; (c) office rent of \$36,000; (d) compensation for management and consultants of \$524,000 and (e) office and general of \$120,000.
  - (4) This amount will be used in part for additional exploration and development expenditures as necessary, and general working capital.
  - (5) Funds that are not immediately required for expenditure will be invested in GICs.

The Company's working capital of \$16,792,080 at December 31, 2021 is comprised of current assets less current liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the Company does not presently generate revenue to cover its costs, managing liquidity risk is dependent upon the ability to secure additional financing. The recoverability of the carrying value of the assets and the Company's continued existence is dependent upon the achievement of profitable operations, or the ability of the Company to raise alternative financing, as necessary. While management and the Board have been successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities.

### **Related Party Transactions**

The Company has identified directors and senior officers as key management personnel. During the year ended December 31, 2021, the Company recognized the following transactions with related parties:

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- \$24,000 (December 31, 2020 - \$24,000) office rent expenses to a company owned by Lee Q Shim, a director of the Company; and,
- \$215,333 (December 31, 2020 - \$36,000) management fee to a company owned by Lee Q Shim; and,
- \$166,667 (December 31, 2020 - \$0) geological consulting fee to a company owned by Kaihui Yang, a director of the Company; and,
- \$32,240 (December 31, 2020 - \$0) consulting fee to a company owned by Carmelo Marrelli, an officer of the Company; and,
- \$20,449 (December 31, 2020 - \$0) interest income from a company owned by Lee Q Shim.

As at December 31, 2021, the amount owing to related parties was \$nil (December 31, 2020 – \$212,000). As at December 31, 2021, \$0 (December 31, 2020 - \$605,268) was advanced from shareholders. At December 31, 2021 and 2020, the balances owing to shareholders were \$nil

Prior to December 31, 2021, the Company received funds in the principal amount of \$5,900,000 and interest in the amount of \$20,449 in full payment of the promissory note that was issued by the company owned by Lee Q Shim in March 2021. Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

## **Critical Accounting Estimates and Judgments**

### Accounting Estimates

#### Deferred taxes

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates, and these taxation authorities may interpret the tax legislation and regulations differently than management. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

### Accounting Judgments

#### Recoverability of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely to arise from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of resources or reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances and in particular whether an economically

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viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off, in whole or in part, in profit or loss in the period when the new information becomes available.

Exploration and evaluation assets are reviewed for changes in facts and circumstances evaluating whether the carrying amount exceeds the recoverable amount at each consolidated statement of financial position date. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and interruptions in exploration activities. The Company's review considers the following:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditures on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources, and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

#### Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgements. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There is a material uncertainty regarding the Company's abilities to continue as a going concern.

#### Provisions

Management's determination of no material restoration, rehabilitation and environmental exposure is based on the facts and circumstances that existed during the year.

#### Contingencies

Management uses judgment to assess the existence of contingencies. By their nature, contingencies will only be resolved when one of more future events occur or fail to occur. Management also uses judgment to assess the likelihood of the occurrence of one or more future events.

#### CGU Determination

An impairment test requires the Company to determine the recoverable amount of an asset or group of assets. For non-current assets, including property and equipment and E&E Assets, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the individual assets are



grouped together into a cash generating unit ("CGU") for impairment testing purposes. A CGU for impairment testing is typically considered to be an individual mine site or a development project. The Company has determined that it has one CGU based on its one project.

## **Capital risk management**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital and accumulated deficit, which at December 31, 2021 totaled \$23,041,451 (December 31, 20 – deficiency of \$2,591,431).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2021.

## **Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

### **(a) Credit risk**

Credit risk arises from the possibility that a counterpart to which the Company provides goods or services is unable or unwilling to fulfill their obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and HST receivable. The Company limits its exposure to credit risk by dealing with well rated entities. Management believes credit risk to be low as its cash which is held in a major financial institution in Canada and HST receivable is due from the Government of Canada as it relates to Goods and Services taxes receivable.

### **(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements by preparing short-term and long-term cash flow analyses. When necessary, the Company obtains financing

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from various investors to ensure all future obligations are fulfilled. The Company does not have any contractual obligations other than the accounts payable and accrued liabilities which are due within the next 12 months. The Company has current assets of \$19,062,036 (2020 - \$1,604,922) to settle obligations of \$2,269,956 (2020 - \$1,655,326)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

i Foreign currency exchange risk

The Company is not exposed to foreign currency exchange rate fluctuations as the Company conducts all of its business in Canada.

ii Interest rate risk

Interest rate risk is the risk of change in the borrowing rates of the Company. The Company does not have any exposure to changes in interest rates and is therefore not exposed to this risk.

iii Commodity price risk

Commodity price risk is the risk of price volatility of commodity prices, such as mineral prices. Currently the Company does not have commercial operations and is therefore not exposed to this risk. Commodity prices generally fluctuate beyond the control of the Company. Factors which contribute to the fluctuation are, but not limited to, demand, forward sales, worldwide production, speculative hedging activities, and bank lending rates.

(d) Fair value of financial instruments

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the financial instrument:

- Level 1 fair value measurements are those derived from quoted prices (adjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash, HST receivable and, accounts payable and accrued liabilities approximate fair value due to the short-term nature.

## **Share Capital**

As of the date of this MD&A, the Company had issued and outstanding 102,039,151 common shares,, 11,109,019 warrants and 771,698 stock options.

## **Risks and Uncertainties**

The Company's financial condition, results of operation and business are subject to certain risks, certain of which are described below (and elsewhere in this MD&A):

### *Additional Funding Requirements*

The Company is reliant upon additional equity financing in order to continue its business and operations, because it is in the business of mineral exploration and at present does not derive any income from its mineral assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional equity funding in the future, it will be unable to carry out its business.

### *Commodity Price Volatility*

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices. Currency fluctuations may affect the cash flow which the Company may realize from its operations, since most mineral commodities are sold in the world market in United States dollars. Additionally, the current COVID-19 pandemic and efforts to contain it, including restrictions on travel and other advisories issued may have a significant effect on metal prices. Declines in metal prices may have a negative side effect on the Issuer and on the trading value of the common Shares.

### *Title to Mineral Properties*

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds an option or concessions or mineral leases or licenses, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law often are complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

### *Mineral Exploration*

Mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained

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on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

*Country Risk*

The Company could be at risk regarding any political developments in the country in which it operates. At present the Company is only active in Canada.

*Uninsurable Risks*

Mineral exploration activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of its common shares. The Company does not maintain insurance against environmental risks.

*No Production History*

The Ferguson Lake Property is not a producing property. The Corporation's ultimate success will depend on its ability to generate cash flow in the future. The Corporation has not generated any revenue to date and there is no assurance that it will do so in the future. The Corporation's business operations are at an early stage of development and its success will be largely dependent upon the outcome of the exploration programs that the Corporation proposes to undertake.

*Infrastructure Risks*

Although the Corporation believes that the current facilities and infrastructure are sufficient for the mineral exploration of its current properties, significant improvements and new infrastructure will be needed for the mine development of the properties. As a result, the Corporation will need to expand the infrastructure, which will require additional permits and licenses and additional capital.

*Potential Impact of Climate Change*

The Corporation believes that the exploration operation at its current properties will not be seriously impacted by the climate change, but the unusual weather will occur and may cause some temporary impacts on the daily operation of its properties. The Corporation focuses on the exploration and development of mineral resources that contain copper, nickel, cobalt, platinum and palladium, the metals needed for green environment. However, the production of these green metals requires consumption of energy, which would have emission of carbon dioxide in the air.

*Reliance on management*

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. The continued service of some of these key management personnel cannot be guaranteed. However, while the Company believes that it could replace these key personnel, the loss of any such persons or the loss of all of such persons at a single point in time could have a material adverse

effect on the operations of the Company, its business, operating results or financial condition. In addition, the Company may not successfully recruit additional personnel and any additional personnel that are recruited may not have the requisite skills, knowledge or experience necessary or desirable to enhance the incumbent management.

*Environmental Regulation and Liability*

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner that may mean 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 directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

*Regulations and Permits*

The Company's activities are subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species, aboriginal title and access and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

#### *Potential Dilution*

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

#### *Competition*

Competition in the mineral exploration business is intense and could adversely affect the ability of the Company to suitably develop its properties. The Company will be competing with many other exploration companies possessing greater financial resources and technical facilities. Accordingly, there is a high degree of competition for desirable mineral leases, suitable prospects for drilling operations and necessary mining equipment, as well as for access to funds. There can be no assurance that the necessary funds can be raised or that any projected work will be completed.

#### *Conflicts of Interest*

Certain directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

#### *Litigation*

The Company may from time to time be involved in various claims, legal proceedings and disputes arising from disputes in relation to its mineral properties, including the Ferguson Lake Property, and in the ordinary course of business. If such disputes arise and the Company is unable to resolve these disputes favorably, it may have a material and adverse effect on the Issuer's profitability or results of operations and financial condition.

#### *Pandemics, Natural Disasters, Terrorism or other Unforeseen Events*

The outbreak of infectious disease or occurrence of pandemics, such as the recent outbreak of COVID-19; natural disasters; terrorism or other unanticipated events, in any of the areas in which the Corporation, its customers or its suppliers operate could cause interruptions in the Corporation's operations. In addition, pandemics, natural disasters, terrorism or other unforeseen events could negatively impact global supply chains, project development, operations, labour shortages, and financial markets and cause increase costs to the Corporation, which could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

#### *Covid-19*

In the future, disruptions caused by COVID-19 may include disruptions resulting from (i) shortages of skilled workers; (ii) unavailability of contractors and subcontractors; (iii) interruption of supplies from third parties upon which the camp relies; (iv) restrictions that governments impose to address the COVID-19 pandemic; and (v) restrictions that the Corporation and its contractors and subcontractors impose to ensure the safety of employees and others. It is not possible to predict the extent or duration of these disruptions. These

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disruptions may have a material adverse effect on the Corporation's business, financial condition and results of operations.

*Dividends*

The Corporation does not anticipate paying any dividends on its Common Shares in the foreseeable future.

*Enforcement of Judgments Against Foreign Persons or Companies*

The Corporation has a director and in the future may have officers, directors, experts, and service providers that are resident outside of Canada. It may not be possible for investors to effect service of process within Canada. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process in Canada.

*Conflict between Russia and Ukraine*

The military conflict between Russia and Ukraine may increase the likelihood of supply interruptions and political instability worldwide. Such disruptions could make it more difficult for the Company to source necessary materials and service providers at favorable pricing or at all. As the Company has no business in Russia or Ukraine, the Company believes current or future sanctions on Russia wouldn't have any material impact on the Company's business and financial position, however these sanctions could adversely impact the Company's costs, operations and/or development activities in future periods.

**Additional Disclosure for Venture Issuers Without Significant Revenue**

Expenses:

	Year Ended December 31, 2021 (\$)	Year Ended December 31, 2020 (\$)
Office and general	402,747	15,876
Rent	24,000	24,000
Depreciation	25,107	25,291
Management fees	215,333	36,000
Professional fees	734,592	203,031
Insurance	43,900	nil
Commission	23,840	nil
<b>Total</b>	<b>1,469,519</b>	<b>304,198</b>

### Schedule of Exploration and Evaluation Expenditures

The total exploration and evaluation expenditures of the Company for the year ended December 31, 2021 and 2020 were for the following properties:

	Year Ended December 31, 2021 (\$)	Year Ended December 31, 2020 (\$)
Exploration claims	48,960	nil
Field camp repayments and maintenance	999,379	nil
Professional fees	56,601	16,547
Geology and environmental assessments	988,354	6,626
Mechanic parts, tools, equipment and shipping	1,311,607	11,603
Mine leases and permits renewal	169,206	nil
On-site administration at the field camp	58,535	57,904
<b>Total</b>	<b>3,632,642</b>	<b>92,680</b>