No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

Initial Public Offering March 28, 2022

CANADIAN NORTH RESOURCES INC.

(the "Corporation")

2,223,698 Common Shares on deemed exercise of 2,223,698 Special Warrants

This prospectus is being filed with the securities' regulatory authorities in the Provinces of Ontario, Alberta, British Columbia and New Brunswick to enable Canadian North Resources Inc. (the "**Corporation**") to become a reporting issuer under the applicable securities legislation in the Provinces of Ontario, Alberta, British Columbia and New Brunswick.

	Price to Public	Finder's Fees	Proceeds to the Corporation
Per Special Warrant	$1.00	Note (1)	Note (1)
Total:	$2,223,698	$29,840	$2,193,858

Note:

(1) The finder's fees represent 8% of the gross proceeds of sale of certain Special Warrants.

This prospectus qualifies for distribution common shares of the Corporation issuable for no additional consideration upon the exercise or deemed exercise of 2,223,698 special warrants of the Corporation (the "**Special Warrants**") issued at a price of $1.00 per Special Warrant to purchasers in Ontario, Alberta, British Columbia and New Brunswick on a non-brokered private placement basis pursuant to prospectus exemptions available under applicable securities legislation. The Special Warrants are not available for purchase pursuant to this prospectus and no additional funds are to be received by the Corporation from the distribution of the Qualified Shares upon the deemed exercise of the Special Warrants. All expenses incurred in connection with the preparation and filing of this prospectus will be paid by the Corporation from its general corporate funds. This prospectus also qualifies for distribution the stock options to be granted to directors, executive officer, and consultants for the purchase of 771,698 common shares at an exercise price of $1.00 per share, which options must be granted within 90 days of the Qualification Date. See "*Options To Purchase Securities*".

There is no market through which the common shares (the "Common Shares") of the Corporation may be sold and shareholders may not be able to resell the Common Shares

owned by them. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation. See "*Risk Factors*".

The Corporation has applied for a listing (the "**Listing**") of its Common Shares on the TSX Venture Exchange Inc. (the "**Exchange**" or the "**TSXV**"). The Exchange has conditionally accepted the Listing. The Listing is subject to the Corporation fulfilling all of the requirements of the Exchange.

As at the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange of the PLUS markets operated by PLUS Markets Group plc.).

In reviewing this prospectus, readers should carefully consider the matters described under the heading "*Risk Factors*".

No underwriters or selling agents have been involved in the preparation of this prospectus or performed any review or independent due diligence investigations in respect of the contents of this prospectus.

The head and registered office of the Corporation is located at 299 Courtneypark Drive East, Mississauga, Ontario, L5T 2T6.

Aier Wang, who is a director of the Corporation, has appointed Judy Pun as her agent for service of process. The address of Judy Pun is 299 Courtneypark Drive East, Mississauga, Ontario, L5T 2T6. Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

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FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include, but is not limited to, statements with respect to the future price of metal, historical estimates of mineralization, capital expenditures, success of exploration activities, permitting time lines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, the completion of regulatory approvals and the effects of the COVID-19 outbreak as a global pandemic. In certain cases, forward-looking information can be identified by use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information in this prospectus includes, among other things, proposed expenditures for exploration work on the Ferguson Lake Property, results of such exploration work, economic viability of exploration at the Ferguson Lake Property, general and administrative expenses, the ability of the Corporation to raise further capital for corporate purposes and treatment under applicable governmental regimes for permitting and approvals. See "*Property of the Corporation – Technical Report – Recommendations",* "*Use of Funds Available"* and "*Risk Factors*" below.

Such forward-looking information is based on a number of material factors and assumptions and include that costs for exploration activities will not deviate significantly from recent trends, the ultimate determination of mineral reserves, if any, the availability and final receipt of required approvals, licenses and permits, sufficient working capital to develop and operate any proposed mine, access to adequate services and supplies, that financial markets will not in the long term be adversely impacted by the COVID-19 crisis, economic conditions, commodity prices, foreign currency exchange rates, interest rates, access to capital and debt markets and associated costs of funds, availability of a qualified work force, the ultimate ability to mine, process and sell mineral products on economically favorable terms. While the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to, risks and uncertainties disclosed in this prospectus. See "*Risk Factors*". The Corporation has no specific policies or procedures for updating forward-looking information. Forward-looking information is based upon management's beliefs, estimates and opinions on the date the statements are made and, other than as required by law, the Corporation does not intend, and undertakes no obligation, to update any forward-looking information to reflect, among other things new information or future events.

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

SUMMARY

The Corporation

The Corporation was incorporated pursuant to the *Business Corporations Act* (Ontario), on April 18, 2013 as 2369785 Ontario Inc. The Articles of the Corporation were amended on June 25, 2013 to change the name of the Corporation to Canadian North Resources and Development Corp. The Articles of the Corporation were amended by Certificate of Amendment dated November 9, 2020 to change the name of the Corporation to Canadian North Resources Inc., to remove the private issuer provisions to create a class of preference shares issuable in series and to create the Series 1 Shares.

The head and registered office of the Corporation is located at 299 Courtneypark Drive East, Mississauga, Ontario, L5T 2T6.

Business of the Corporation

The Corporation carries on the business of mineral exploration.

Special Warrants: The Corporation issued 2,223,698 Special Warrants for gross proceeds of $2,223,698 on May 31, 2021. Each Special Warrant is automatically convertible without payment of additional consideration and without any further action on the part of the holder, into one Common Share upon the deemed exercise of the Special Warrant, subject to adjustment in certain circumstances, on the date that is one day following the Qualification Date. Upon the deemed exercise of each Special Warrant, such Special Warrant will automatically be cancelled and will have no further force or effect.

Use of Proceeds The gross proceeds to the Corporation from the sale of the Special Warrants was $2,223,698. The net proceeds after deducting finder's fees of $29,840 and expenses of the offering of approximately $50,000, are not part of the available funds referred to under "*Use of Funds Available*". These net proceeds and the funds received by the Corporation upon the exercise of 771,698 stock options will be added to the working capital of the Corporation.

Use of Funds Available: As at December 31, 2021, the Corporation had available working capital of $14,965,112. The available funds will be used to complete the proposed exploration program set out in the Technical Report ($5,800,000), to pay for prospectus and list costs ($250,000), for operating expenses for 18 months ($1,030,000) and for unallocated working capital ($7,885,112) which will be used for additional exploration and development expenses as necessary and general working capital. See "*Use of Funds Available*".

Qualification for Distribution

This prospectus qualifies for distribution (i) 2,223,698 common shares upon the exercise or deemed exercise of 2,223,698 Special Warrants issued at a price of $1.00 per Special Warrant; and (ii) stock options to be granted to directors, executive officer, and consultants for the purchase of 771,698 common shares at a price of $1.00 per share.

Property: The Ferguson Lake Property consists of 10 contiguous mining leases comprising an area of 11,456 hectares in the Kivalliq region of southern Nunavut Territory, 250 kilometres west of Rankin Inlet and 170 kilometres south-southwest of Baker Lake.

Listing: The Corporation has applied to list its Common Shares on the TSXV. As of the date hereof, the TSXV has not conditionally accepted for listing the Common Shares. Listing will be subject to the Corporation fulfilling all of the requirements of the TSXV.

Directors and Management:

Lee Q. Shim	Chairman, Director
Kaihui Yang	President and Chief Executive Officer, Director
Aier Wang	Director
Richard Brown	Director
Michael Weeks	Director
Carmelo Marrelli	Chief Financial Officer
John Spiteri	Secretary
Yu Leung Yau	Treasurer

See “*Directors and Executive Officers*”

Risk Factors: The activities of the Corporation are subject to risks inherent in the mining industry, including but not limited to: negative cash flow; inherent risks in resource exploration and development; reliance on management; no assurance of active market; stock price volatility; insufficient capital and financing risks; conflicts of interest of directors; title risks; uninsurable risks; requirements of permits and government regulations; effect of environmental laws; fluctuating mineral prices; litigation risks; and pandemics and natural disasters.

Summary of Financial Information of the Corporation: The following selected financial information has been derived from and is qualified in its entirety by the audited financial statements of the Corporation for the financial years ended December 31, 2019 and December 31, 2020 and the nine month period ended September 30, 2021 and notes thereto included in this prospectus and should be read in conjunction with such financial statements and related notes thereto, along with MD&A included in this prospectus. All financial statements have been prepared in accordance with IFRS.

Financial information for the Corporation:

	Nine months ended September 30, 2021	**Year ended December 31, 2020**	**Year ended December 31, 2019**
Revenue	$0	$0	$0
Expenses	$754,422	$304,198	$86,797
Other (income) expense items	($20,449)	$0	$0
Net loss	($733,973)	($304,198)	($86,797)
Net loss per share	($0.00)	($0.00)	($0.00)
Total assets	$25,180,518	$4,246,757	$2,528,529
Total liabilities	$10,761,470	$1,655,326	$3,132,900

See “*Financial Statements and MD&A*”.

CURRENCY

Unless otherwise specified, all dollar amounts in this prospectus are expressed in Canadian dollars.

GLOSSARY

"**Author**" means Trevor Boyd, Ph. D., P. Geo., the author of the Technical Report.

"**BCA**" means the *Business Corporations Act* of Ontario.

"**Board**" means the board of directors of the Corporation.

"**Common Share**" means a common share without par value in the share capital of the Corporation.

"**company**" Unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate partnership, trust, association or other entity other than an individual.

"**Escrow Agent**" means Odyssey Trust Company at its office located in Calgary, Alberta.

"**Escrow Agreement"** has the meaning ascribed under "*Escrowed Securities*".

"**Ferguson Lake Property**" or the "**Property**" or the "**Project**" means the property identified as such in the Technical Report.

"**Final Prospectus**" means the (final) prospectus of the Corporation, prepared in accordance with NI 41-101.

"**Final Receipt**" means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Final Prospectus in Ontario.

"**Insider**" If used in relation with an issuer, means:

(a) a director or officer of the issuer;
(b) a director or office of the company that is an insider or subsidiary of the issuer;
(c) a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or
(d) the issuer itself if it holds any of its own securities.

"**Listing**" means the proposed listing of the Common Shares on the TSXV for trading.

"**Listing Date**" means the date the Common Shares are listed on the TSXV.

"**MD&A**" means the management's discussion and analysis of the Corporation for the year ended December 31, 2020 and the nine-month period ended September 30, 2021.

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*, of the Canadian Securities Administrators.

"**NP 46-201**" means National Policy 46-201 – *Escrow For Initial Public Offerings*, of the Canadian Securities Administrators.

"**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

"**Qualification Date**" means the date on which the Final Receipt has been issued.

“**Qualification Jurisdictions**” means the jurisdictions in Canada in which the Special Warrants were purchased.

“**Series 1 Private Placement No. 1**” means the non-brokered private placement of 13,333,333 Series 1 Units at $0.75 per Unit.

“**Series 1 Private Placement No. 2**” means a non-brokered private placement of up to 13,333,333 Series 1 Units at $0.75 per Unit.

“**Series 1 Share**” means a preference share of the Corporation issued as part of a series of preference shares and designated Preferred Shares – Series 1, the rights and restrictions of which are set forth under “*Description of Share Capital – Series 1 Shares*”.

“**Series 1 Unit**” means a unit consisting of one Series 1 Share and one-half of a Series 1 Warrant.

“**Series 1 Warrant**” means a warrant entitling the holder to purchase one Series 1 Share at a price of $1.50, exercisable until the earlier of (i) June 30, 2022; and (ii) 12 months from the Qualification Date.

“**Share Exchanges**” means the exchange of Common Shares for Series 1 Shares pursuant to the Share Exchange Agreements.

“**Share Exchange Agreements**” have the meaning ascribed under “*Description of Share Capital*”.

“**Special Warrant Agent**” means Odyssey Trust Company located in Calgary, Alberta.

“**Special Warrants**” means the 2,223,698 special warrants the Corporation issued for gross proceeds of $2,223,698 on May 31, 2021.

“**Special Warrant Indenture**” means the special warrant indenture dated April 27, 2021, as amended pursuant to the supplemental special warrant indenture dated December 30, 2021 between the Corporation and the Special Warrant Agent.

“**Technical Report**” means the technical report entitled “Technical Report – Ferguson Lake Property” dated July 18, 2021, prepared by the Author.

“**Transfer Agent**” means Odyssey Trust Company located in Toronto Ontario.

“**TSXV**” or “**Exchange**” means the TSX Venture Exchange Inc.

“**Warrant**” means a warrant entitling the holder to purchase one Common Share at a price of $1.50, exercisable until December 29, 2023.

CORPORATE STRUCTURE

Corporation

The Corporation was incorporated pursuant to the BCA on April 18, 2013. The Articles of the Corporation were amended on June 25, 2013 to change the name of the Corporation to Canadian North Resources and Development Corp. The Articles of the Corporation were amended by Certificate of Amendment dated November 9, 2020 to change the name of the Corporation to Canadian North Resources Inc., to remove the private issuer provisions to create a class of preference shares issuable in series and to create the Series 1 Shares.

The head and registered office of the Corporation is located at 299 Courtneypark Drive East, Mississauga, Ontario, L5T 2T6.

BUSINESS OF THE CORPORATION

General

The Corporation is a mineral exploration company. Its current focus is to conduct the proposed exploration program on the Ferguson Lake Property as more particularly set out in the Technical Report, along with continuing to identify and potentially acquire additional property interests, assess their potential and engage in exploration activities.

The Corporation has implemented social, economic and environmental policies. It works in consultation with the Kivalliq Inuit Association and other northern agencies to generate community initiatives and benefits from the Corporation's activities in the Kivalliq Region. The Corporation is committed to be responsible for sustainable camp operations, resource exploration, and mine development in all aspects of its operations with respect to environmental, social and governance issues.

Engaging local businesses, governments, and residents of nearby communities is the Corporation's path to understand their interests, concerns, and opportunities to support the community and local economies. Marshalling supplies and services are transported from Churchill, Manitoba and Yellowknife, Northwest Territories. Other provisioning is staged from Rankin Inlet and Baker Lake in Nunavut. These communities support exploration and development operations and all have scheduled commercial airline services.

In previous programs, the provision of supplies, equipment, and fuel has involved freighting by larger aircraft to the airstrip established on Ferguson Lake or by overland winter transport to the property by snowcat train from Baker Lake or Rankin Inlet. Local consultants and labourers have been engaged to support the exploration programs and the maintenance of the project site. The Corporation has been following the governmental regulations to carry out the environmental assessments at the Ferguson Lake property.

COVID-19 has impacted the Corporation's business significantly. Due to the COVID-19 pandemic, the Corporation was unable to visit the camp site in 2020 and had to postpone exploration until 2021. The Corporation only managed to open the camp in late June, 2021. There was also an increase in costs in that the Corporation was unable to go through Rankin Inlet in Nunavut due to the COVID-19 restrictions. The Corporation has to go through Churchill and

Thompson, Manitoba, and Yellowknife, Northwest Territories for all the supplies and logistical supports for the field exploration.

The Corporation has implemented the protocol for COVID-19 at the camp site. All personnel are required to have one vaccine shot 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 has been made 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 bubble is burst, all personnel at the camp will undergo rapid COVID testing.

History

In 2018, the Corporation carried out a helicopter supported follow-up surface rock geochemistry sampling program. See "*Exploration – 2018 Exploration Program*" in the Technical Report. In 2019, and 2020, the Corporation did not carry on any activity other than routine administrative work in relation to the Ferguson Lake Property. In June of 2021, the Corporation opened up the field camp for the purpose of repairment, maintenance of equipment and vehicles, improvement of the airstrip, installing communication facilities, and repairing the water supply system and the drainages. The Corporation supported the environmental inspection by the government agencies of Nunavut, and the environmental assessments were completed for renewal of licenses and permits. Various samples were also taken from the property. The field camp was closed in September of 2021.

In September 2021, the Corporation received renewals and 2-year extensions of the following licenses and permits:

- KVCA08Q17 Expires September 11, 2023
  Quarry License for Ferguson Lake Camp Airfield on Inuit Owned Lands issued by KIA
- KVRW06F09 Expires October 17, 2023
  Right of Way overland transport license over Inuit Owned Lands issued by KIA

In October 2021, the Corporation applied for a renewal license in relation to license KVCL305H27 which expires on July 22, 2022. This is a commercial license for Ferguson Lake Camp on Inuit owned lands issued by Kivalliq Inuit Association (KIA).

In December 2021, the Corporation applied to replace land use permit N2013X0023 which expired on March 17, 2022. The permit was renewed on March 23, 2022 and has an expiry date of March 17, 2023. This is a right of way overland transport license over Crown Lands issued by Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC).

PROPERTY OF THE CORPORATION – TECHNICAL REPORT

The Ferguson Lake Property is the subject of the Technical Report.

The following information regarding the Ferguson Lake Property is summarized or extracted from the Technical Report prepared for the Corporation by the Author in accordance with the requirements of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI-43-101"). The Author is a "qualified person" within the meaning of NI 43-101.

All figures and table references herein are numbered in accordance with the Technical Report available on the Corporation's SEDAR profile at www.sedar.com .

PROPERTY DESCRIPTION AND LOCATION

Property Description and Location

LOCATION

The Ferguson Lake 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. Ferguson Lake, central to the large Property area, is midway between Yathkyed and Qamanirjuaq Lakes. The Property currently encompasses an area measures approximately 15 kilometres in an east-west direction and 6 kilometres north-south. The Property is located between Latitudes 63° 00' and 63°05' North and Longitudes 96°45' and 97°10' West in NTS map-areas 65I/14-15. The location of the Property is shown on Figure 4-1.

Figure 4-1. Location of Ferguson Lake Property in Region of Kivalliq, Nunavut.

PROPERTY DESCRIPTION AND OWNERSHIP

The Corporation owns 100% of the Ferguson Lake Property which consists of 10 contiguous mining leases comprising an area of 9.686 hectares (23,935 acres) between 63°00’ and 63°05’ North and longitudes 96°45’ and 97°10’ West in NTS map-areas 65I/14-15 (UTM NAD83 coordinates 6970000–6978000 N and 600000–620000 E – Zone 14). The table and map in figures 4-2 and 4-3 present the claims and mining leases with their required rents and annual work to retain the Property.

Mineral claims in Nunavut are valid for two years from the recording date and may be renewed for an additional year by completing representation (assessment) work in the amount of $4.00/acre within the initial two-year period. Annual work in the amount of $2.00/acre is required to renew the claims beyond the third year. After ten years the claims must be applied for mining lease which once accepted have an annual rent payable every anniversary date of $1.00/acre, but can be held for 20 years, after which the lease must be applied for renewal.

The Nunavut claims management regulations were revised on January 30, 2021 allowing the acquisition of mineral claims online. Claims are staked and managed based upon four sided polygon cell units with an average size of 18 hectares. The annual work charges to maintain a claim in good standing have been revised per cell unit to as follows:

- Year 1: $45
- Year 2: $90
- Year 3: $90
- Year 4: $90
- Year 5 to 7: $135
- Year 8 to 10: $180
- Year 11 to 20: $225
- Year 21 to 30: $270

As shown in Table 4-1, the Property mining leases at Ferguson Lake remain active until 2028 and have a total annual rent of $23,935.00. The mining leases straddle the Inuit Owned Surface Rights parcels RI 24, RI 26 and RI 27 which are held and managed by the Kivalliq Inuit Association.

Table 4-1. List of mining leases for Ferguson Lake Property, Kivalliq, Nunavut.

DISP'N #	**DISP'N NAME**	**AC**	**REC DATE**	**ANNIV DATE**	**DISPN TERM END**	**ANNUAL RENTALS**
4922	4922	2,534.00	07-Sep-07	07-Sep-21	07-Sep-28	$2,534.00
4923	4923	2,695.00	07-Sep-07	07-Sep-21	07-Sep-28	$2,695.00
4924	4924	1,527.00	07-Sep-07	07-Sep-21	07-Sep-28	$1,527.00
4925	4925	2,640.00	07-Sep-07	07-Sep-21	07-Sep-28	$2,640.00
4926	4926	2,425.00	07-Sep-07	07-Sep-21	07-Sep-28	$2,425.00
4927	4927	1,732.00	07-Sep-07	07-Sep-21	07-Sep-28	$1,732.00
4928	4928	2,616.00	07-Sep-07	07-Sep-21	07-Sep-28	$2,616.00
4929	4929	2,401.00	07-Sep-07	07-Sep-21	07-Sep-28	$2,401.00
4930	4930	2,592.00	07-Sep-07	07-Sep-21	07-Sep-28	$2,592.00
4931	4931	2,773.00	07-Sep-07	07-Sep-21	07-Sep-28	$2,773.00
10 leases		23,935.00				$23,935.00

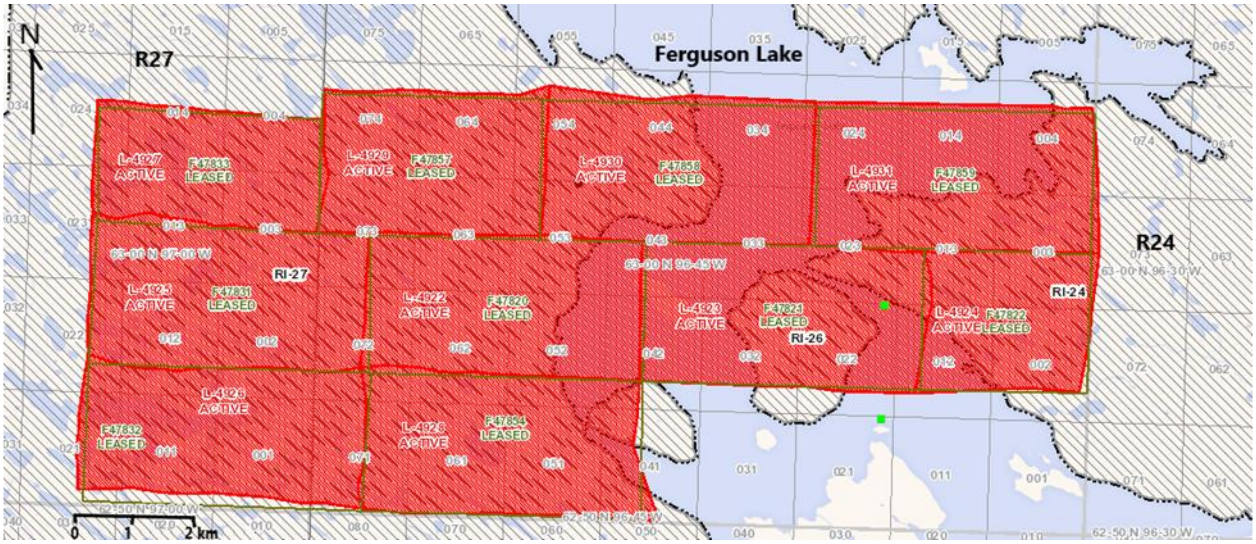


Figure 4-2. Ferguson Lake Mining Lease and Claim Holdings.

PERMITS

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. The Corporation is a registered incorporated extra-territorial corporation with the Nunavut government and holds a prospecting license in good standing with Crown Indigenous Relations and Northern Affairs Canada ("CIRNAC").

The Ferguson Lake Project does not yet hold any permits required to operate a mine. The primary area being explored on is situated on Inuit Owned Land (IOL) under the Nunavut Land Claim Agreement. As such, the negotiated Commercial Lease was entered into in 2009 with the Kivalliq Inuit Association ("KIA"). The purpose of the lease agreement was for access to the land as well as environmental protection and socio-economic considerations. The following Commercial, Land Use and Right of Way permits, enabling work, water use, and travel to be conducted over the mining leases, claims, and Prospecting Permit areas, are issued to the Corporation by KIA, Nunavut Water Board ("NWB"), and by CIRNAC:

- KVCL305H27 Expires July 22, 2022
  Commercial License for Ferguson Lake Camp on Inuit Owned Lands issued by KIA
- KVCA08Q17 Expires September 11, 2021
  Quarry License for Ferguson Lake Camp Airfield on Inuit Owned Lands issued by KIA
- KVRW06F09 Expires October 17, 2021
  Right of Way overland transport licence over Inuit Owned Lands issued by KIA.
- 2BE-FER1318 TYPE "B" Expires December 11, 2023
  Type "B" Water License issued by the NWB.
- N2013X0023 Expires March 17, 2022
  Right of Way overland transport licence over Crown Lands issued by CIRNAC.

On April 8, 2013, a letter was sent by Duboff Edwards Haight & Schachter, legal counsel for the Kivalliq Inuit Association (KIA), to Pricewaterhouse Coopers Inc., Trustees in Bankruptcy for Starfield stating that Starfield is indebted to KIA for a total of approximately $2,150,187.50. Based upon discussions with Kimberley Gilson of Duboff Edwards Haight & Schachter, and Luis Manzo and Stephen Hartman of KIA; it is concluded that this sum represented an estimate based predominantly on the cost for the dismantling, removal, clean-up and disposal of the Ferguson Lake Project exploration camp and site including the airstrip in the event the Project becomes abandoned. Therefore, any purchaser who takes ownership of the Ferguson Lake Property and Project does not carry this debt unless it takes the extraordinary subsequent action of abandoning the camp and site (Boyd 2013).

It is important that one maintain a good working relationship and open communication with the KIA so as to not allow miss-understandings to arise that may result in time delays and extra costs to the advancement of the project. It is noted that inspections of the Ferguson Lake camp and area completed by the KIA and by the Water Use Inspector for CIRNAC during the summer of 2013 were largely positive in its findings and discussion.

Bearing in mind, the KIA's estimated cost for the dismantling, removal, clean-up and disposal of the Ferguson Lake Project exploration camp and site suggested in the aforementioned April 8th letter; it is likely that the remediation deposit of $240,000 for the camp, presently held by the KIA, may be raised in the future. During the summer of 2012, Starfield cleaned up all scrap material at the old camp site and removed surface soil material from the old camp area. The waste material was consolidated safely during the clean-up in preparation for removal and disposal overland by snow-cat train. KIA officials have positively acknowledged the remediation work completed at the old camp site, but have cautioned that they cannot sign off the outstanding commitments until their inspector can visit the site including the possible completion of analytical testing showing that the site has been adequately remediated.

During April 2020, four empty sealift containers were hauled overland to the Ferguson Lake Camp from Baker Lake with 120 barrels of fuel. The containers will be filled with the waste materials to be hauled back to Baker Lake the following winter and then transported by ship to the south to be disposed at an accredited site.

Upon assuming ownership of the Ferguson Lake Project, the Corporation has undertaken consultation, meetings and discussions with the KIA, CIRNAC, and Hamlet Council for Rankin Inlet in both Rankin Inlet and Toronto.

Accessibility, Climate, Local Resources, Infrastructure, and Physiography

ACCESS AND FACILITIES

The Property access is primarily achieved by air from Rankin Inlet or Yellowknife, both of which has scheduled commercial airline service and offers a number of facilities. An 825 x 30 metre gravel airstrip located south-west of the Ferguson Lake 'New Camp' was constructed during 2008 and is capable of handling moderately sized wheel equipped aircraft including Twin Otter, Dash 8 and DHC-5 Buffalo sized aircraft. This airstrip replaces the 500m dirt strip located on the large island in the central area of Ferguson Lake that was used prior to 2008 to service the old camp. The layout of the new camp and infrastructure is shown in Figures 5-1 and 5-2, and is situated on a low ridge of outcrop, sand and gravel at between 120 - 130 metres above sea level.

The camp consists of a series of buildings capable of providing housing and full room and board service for up to 55 persons and includes a generator and heating facilities for all-year operation. Support structures include heavy equipment work shops and housing for heavy equipment and carpentry, electrical equipment and various vehicles. Equipment at the camp includes Caterpillar D4 Dozer, Grader, Skid-Steer Loader, Caterpillar Excavator, Caterpillar Loader, Bombardier Snowcat, Bombardier Snow coach, two Caterpillar Dump Trucks, four 4x4 Quads, two GMC Crew Cab Pick-up Trucks, and seven snowmobiles. The camp, equipment, and airfield are insured for liability protection. Fuels barrels are stored within a lined berm at the camp and there is a separate storage area for bottles of propane.

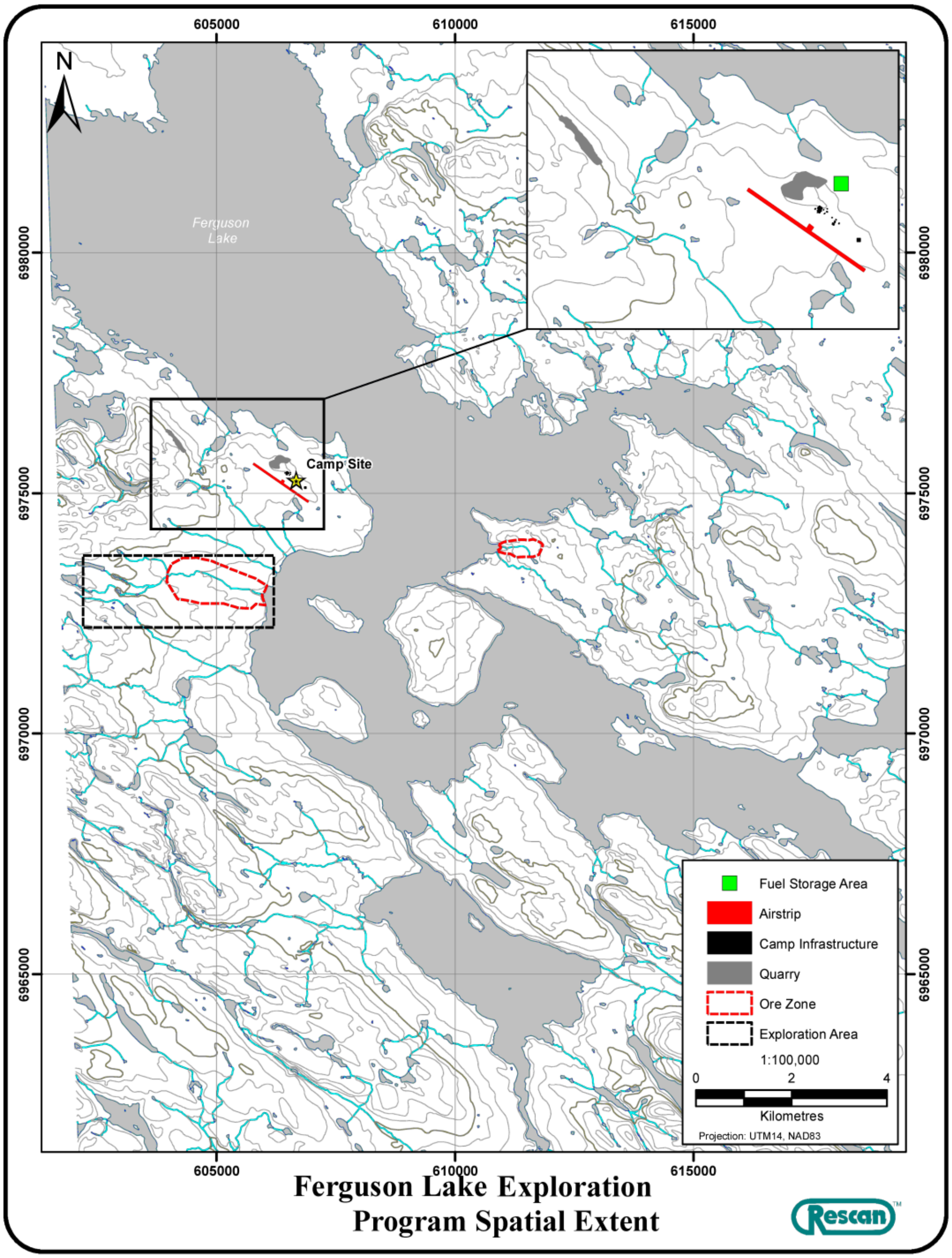


Figure 5-1. Ferguson Lake Project Layout.

Figure 5-2. Ferguson Lake camp, storage and equipment layout with airfield.

CLIMATE AND VEGETATION

The terrain is typical of the tundra barren grounds; tree line is 150 km south of Ferguson Lake and vegetation consists principally of; moss, lichen, dwarf birch and Labrador tea. Wildlife includes caribou, Arctic foxes, muskoxen, arctic hare, sik, wolves, wolverines, barren ground grizzly bears and various species of birds. Caribou migrate through the area in June and July. In order to reduce their disruption, the Nunavut government severely curtails diamond drilling on the Property from June 1 to July 15.

The project possesses subarctic climate characterized by long winters (October through April) with mean temperatures of -30° C; a short summer season with mean temperatures in the 15° C range that extends from July through mid-September. Mineral exploration work is most conveniently carried out during the summer months, and between March and May when geophysical surveys and diamond drilling can make use of ice-covered lakes. Nunavut permitting requirements stipulate the use of helicopters for drill moves during the non-winter months.

PHYSIOGRAPHY

The Yathkyed - Ferguson - Kaminuriak Lakes area is one of low relief, featuring numerous smaller lakes and a few large river systems, notably Kazan and Ferguson Rivers. Yathkyed and Ferguson Lakes are 141 and 114 metres above sea level respectively, and maximum elevations in the general area range from 200 to 275 metres. Elevations within the current Property area average less than 200 metres and range from slightly less than 100 metres at the Property's eastern boundary to 290 metres north of Yathkyed Lake. The orientation of Ferguson Lake and a number of smaller lakes reflects the dominant south-easterly glacial direction. Bedrock is fairly well exposed on numerous low hills and ridges; in lower areas bedrock may be obscured by between 6 and 25 metres of glacial debris, mainly till.

INFRASTRUCTURE AND LOCAL RESOURCES

Some supplies and services are available in fly in Nunavut communities, Rankin Inlet and Baker Lake, both of which service mining operations built and operated by Agnico Eagle Mines Limited. The staging points for some programs have been Churchill, Manitoba, 510 air kilometres southeast of Ferguson Lake, and Yellowknife, Northwest Territories, 900 air kilometres west of the Project. These communities, with larger populations, are accessible by highway, have scheduled commercial airline services and are major regional supply centers. In previous programs supplies, equipment and fuel involved freighting by larger aircraft to an airstrip established on Ferguson Lake or transported to the Property by winter snow cat train from Baker Lake or Rankin Inlet in Nunavut.

Communications in this remote area are made possible by satellite, which provides for telephone, fax and high-speed internet connections.

History

EXPLORATION HISTORY

The Ferguson Lake Deposit was originally discovered in 1950 by Canico (predecessor exploration arm of Inco Inc.) and has been intermittently explored by a variety of operators dominated by Starfield from 1999 to 2013. A complete discussion of the previous work on the Property and project to 2011 prior to CNRI purchasing the Property in 2013 is described in detail in the Preliminary Economic Assessment (PEA) of the Ferguson Lake Project completed by Roscoe Postle Associates Inc. (RPA) on behalf of Starfield in November, 2011 (Clow et al. 2011). In total, approximately 191,000 metres of drilling in 621 holes were completed on the present Property of which 26,400 metres in 173 holes were by Canico. The remainder were drilled by Starfield. Table 6-1 outlines the history of exploration on the Property which is amended and updated from Irwin (2010).

Table 6-1. History of Exploration at Ferguson Lake Property

YEAR	COMPANY	WORK DONE	RESULTS
1950-1955	Canadian Nickel Company Ltd. (Canico) [exploration arm of Inco]	Discovery of copper-nickel mineralization. Construction of 90-person camp, airborne and surface geophysics, geological mapping, 26,400m drilled. 10-ton bulk sample extracted for mill testing. Initial in-house estimate of tonnage and grade completed.	Discovery of East Zone, West Zone, and Central Zone.
1957	Canadian Nickel Co. Ltd. (Canico)	Original concession taken to mining lease	Development of program assessed
1980	Esso Minerals Canada	Optioned property from Inco Extracted 9 ton bulk sample	Tested sulphur content for metallurgical application for uranium mineralization being investigated in District of Keewatin

YEAR	COMPANY	WORK DONE	RESULTS
1986	Homestake Mineral Development Company	Reconnaissance geological mapping, collection of 339 rock and 266 soil samples from known East/West Zones	Full results available in DIAND Assessment Report by G.H. Cameron
1998	Ferguson Lake Syndicate	Field program; prospecting along East/West Zone and several other mineralized zones	New targets discovered
1999	Starfield Resources Inc.	Established 170km surveyed grid, airborne and surface geophysical survey, detailed geological mapping, prospecting, surface sampling, preliminary baseline studies, and 3,981m drilled (19 holes)	Defining of East/West Zones
2000	Starfield Resources Inc.	Geophysical surveys, drill-testing six mineralized zones 15,600m (49 holes)	Positive results from other mineralized zones
2001	Starfield Resources Inc.	Drilling 21,046m (37 holes) Interpretation of UTEM data, prospecting and rock sampling	Program designed to confirm and expand results from 2000
2002	Starfield Resources Inc.	Drilling of West Zone and its western extension	Better definition of sulphide zone
2003	Starfield Resources Inc.	Drilling of 2,667m (9 holes), geophysical survey, geological mapping by GSC	Tested both massive sulphide lenses and low-sulphide Pt/Pd horizons
2004	Starfield Resources Inc.	Diamond drilling, plus various geophysical surveys; helicopter - borne VTEM electromagnetic/magnetic and SQUID	Definition of near surface sulphide mineralization in West Zone
2005	Starfield Resources Inc.	Drilling on three sections to fill in gaps in data, geophysical surveys, regional rock and soil sampling	Drill-holes drilled to further define foot-wall PGE mineralization
2006	Starfield Resources Inc.	Drilling of 24,330m (110 holes) West Zone and East Zone II, regional till sampling	Detailed infill drilling of two main zones. Estimate of tonnage and grade completed by Carter (2006)
2007	Starfield Resources Inc.	Drilling of 5,836m (19 holes), prospecting, rock sampling on east side of Ferguson Lake, claim staking	Drill testing of low-sulphide PGM mineralization in West Zone. Estimate of tonnage and grade reported in Nicholson (2007).
2008	Starfield Resources Inc.	Drilling of 19,589m (51 holes), mostly on West Zone, exploration drilling on North Zone, Grizzly, and southern "Y" Lake, prospecting, rock sampling, till sample processing and claim staking	Discovery of diamond in till sample and gold grains in three samples, drill testing of three new zones
2009	Starfield Resources Inc./ Thanda Resources	Detailed helicopter - borne DIGHEM EM and magnetic survey over Y Lake trend. Drilling of 407 metres (1 hole) in Y Lake trend, JV partner Thanda Resources drilled 7 holes for diamond exploration	Drill test of DIGHEM conductor and magnetic anomalies
2010	Starfield Resources Inc.	Drilling of 1,126 metres (6 holes), 2 in South Discovery Zone of Cu-Ni-Co-PGM trend and 4 in Y Lake trend, prospecting in Y-trend	Drilling in Y Lake trend intersects sulphide bearing iron formation with anomalous Zn and Cu, prospecting identified Au and As showings.
2011	Starfield Resources Inc.	Completion of PEA on project, Drilling of 1,866 metres (3 holes) within main deposit and southwest of the West Zone	Drilling intersected mineralized zones as discussed in text.
2012	Starfield Resources Inc.	No exploration completed	Camp area maintenance and remediation of old island camp area.

2011 Historic Resource Estimation

The RPA PEA (Clow et al. 2011) completed on behalf of Starfield describes and discusses the exploration work, mineral processing and metallurgical testing, mining plan and mineral resource estimations completed from 1999 to 2011 for the Ferguson Lake Project. The proposed metallurgical process outlined in the report envisioned the implementation of a concentrator producing a bulk sulphide concentrate at the mine site to remove gangue minerals from the massive sulphide mineralization, a 250 kilometre concentrate slurry pipeline between the mine and the hydrometallurgical plant, and a hydrometallurgical plant located in Arviat on the Hudson Bay coast to oxidize the sulphide material and separately extract the Ni, Cu, Co, Fe and S then returning the S to the site to be recycled (and possibly utilized by uranium mining development in the region). A scoping level economic evaluation of the project was presented, but it is noted that the economic parameters and analysis presented in the PEA are now considered to be out of date. The project has undergone a series of resource estimations (Carter 2006, Nicholson 2007, Clow et al. 2008 and Chin 2009). The most recent mineral resources estimate reported by Starfield was National Instrument 43-101 compliant when completed as part of the RPA PEA was effective November 30, 2011. This estimate is listed in Table 6-2, however, it is now outdated, considered no longer a Mineral Resource under National Instrument 43-101 and treated as a historic resource.

*Table 6-2. Ferguson Lake Mineral Resources Statement (Clow et al. 2011) now historic resource****

Starfield Resources Inc. – Ferguson Lake
November 30, 2011

INDICATED RESOURCES *

ZONE	**Tonnes (Mt)**	**Ni (%)**	**Cu (%)**	**Co (%)**	**Pt (g/t)**	**Pd (g/t)**	**Fe (%)**	**S (%)**
Main West Pit	1.1	0.63	0.97	0.07	0.22	1.54	36.34	19.95
Main West UG	14.7	0.65	0.99	0.08	0.25	1.55	36.16	20.97
Total Indicated Resources	**15.8**	**0.65**	**0.99**	**0.07**	**0.25**	**1.55**	**38.04**	**20.90**

INFERRED RESOURCES *

ZONE	**Tonnes (Mt)**	**Ni (%)**	**Cu (%)**	**Co (%)**	**Pt (g/t)**	**Pd (g/t)**	**Fe (%)**	**S (%)**
Main West Pit	0.2	0.57	0.90	0.07	0.17	1.40	33.96	18.40
Main West UG	5.9	0.59	0.82	0.07	0.20	1.34	36.15	19.59
West Zone Ext.	14.7	0.71	1.23	0.08	0.31	1.88	41.63	23.14
East Zone	9.4	0.65	0.76	NE	NE	NE	38.41	21.16
Total Inferred Resources	**30.2**	**0.67**	**1.00**	**0.05**	**0.19**	**1.18**	**39.49**	**21.79**

Notes:
1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources were estimated at NSR cutoff values of $53 per tonne and $97 per tonne for open pit and underground, respectively.
3. Mineral Resources were estimated using average long-term metal prices of US$9.00, US$3.15, and US$17.00 per pound of nickel, copper, and cobalt, respectively, a US$/C$ exchange rate of 1.00, and a royalty of 2% NSR.
4. Metallurgical recoveries were assumed to be 91% for nickel, 96% for copper, and 90% for cobalt.
5. Platinum, palladium and cobalt were not estimated for the East Zone as the East Zone contains a higher proportion of historical Inco holes for which cobalt or individual platinum or palladium grades have not been determined.

*** - These are historical estimates provided for information only, 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.**

Although this is a historic estimate, some discussion is presented because its parameters, methodology and economic evaluation are discussed in detail within the RPA PEA, and are available to the public for review on SEDAR under Starfield Resources listed as filed on February 21, 2012.

The estimation encompassed all drilling completed on the Ferguson Lake mineral deposit to the end of 2008. It is noted that the East Zone in Table 6-2, there were insufficient historic analyses of Co, Pd and Pt completed to estimate their grades, hence, there are none stated for that zone. This resulted in a lower average grade for Co, Pd and Pt in the table since these East Zone grades were stated as zero when calculating the overall grades.

The original wireframe model was constructed generally based upon greater than 50% sulphides in the rock encompassing the massive sulphide body but not the footwall or enveloping low sulphide mineralized material. An additional three holes drilled by Starfield totaling 1,866 metres was completed in the deposits area in 2011 for which results underwent independent QA/QC (quality assurance/quality control) review and reporting in the RPA PEA report (Clow et al.), but these were not included into this estimate. This is significant because results reported from two of the drill holes were up to 7.5 metres from 111.5 to 119 m depth grading 1.95% Cu, 0.66% Ni, 1.77g/t Pd, 0.4g/t Pt and 0.08% Co for hole FL11-430, and 6.0 metres from 1118.7 to 1124.7 m grading 1.33% Cu, 0.73% Ni, 1.86 g/t Pd, 0.11 g/t Pt and 0.04% Co for hole FL11-432. The latter hole extended the strike length of the West Extension Zone a further approximate 250 metres to the west.

The estimate was completed by the PEA co-author James Lavigne, P.Geo., Associate Consulting Geologist, RPA at the time of filing, and a Qualified Person as defined in NI 43-101. The Mineral Resource estimate was originally completed at the date of filing in compliance with the requirements of NI 43-101 and the definitions set out by the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by the CIM Council in November 2010.

Under the ownership of Starfield the Ferguson Lake Project underwent a series of permitting activities, social and community consultations, and environmental and archeological studies which are discussed the RPA PEA report (Clow et al., 2011).

In summary, the RPA PEA reported the scoping level economic feasibility of the Ferguson Lake Project based upon the recovery of Ni, Co, Co, Fe and S but excluded the extraction, recovery and economic contribution of Pd and Pt in its analysis.

Historic Metallurgical Testing

A detailed outline and discussion of the metallurgical testing history for the Ferguson Lake mineralized material can be found in the RPA PEA and is repeated in summary in this Report. Metallurgical testing that was carried out for Starfield from 2001 to 2008 by Kingston Process Metallurgy, SGS Lakefield, and NeoFerric generated a predominantly hydrometallurgical flowsheet on which to assess the economic viability of the project at the scoping level.

Early work on the primary leach circuit focused on demonstrating the technical viability of carrying out a relatively low temperature hydrolytic precipitation of iron as hematite and/or magnetite, in the absence of any base addition, with the accompanying recovery of strong HCl. Early testing also included the evaluation of grinding, flotation, and mineralogical characterization on sulphide mineralized drill hole composites plus some Platsol testing on generated products. In terms of later work, in 2010 bulk sample massive sulphide mineralization was gathered by Starfield from the surface of the Ferguson Lake West Zone using an excavator and five tonnes of the material was shipped to the SGS Mineral Services Lakefield metallurgical laboratory primarily for pilot and bench metallurgical testing.

Additional test-work was completed in 2009 at McGill University and in 2010/2011 at SGS in Lakefield, Ontario (SGS) to assess oxidation and hydrolysis. During 2011, a flotation test program was carried out to assess if the Ferguson Lake ore was amenable to upgrading by means of flotation prior to further treatment at the hydrometallurgical process plant. A series of bench scale flotation tests established that it was possible to recover essentially all the sulphide minerals into a single bulk sulphide concentrate while also rejecting about 80% of the gangue minerals.

Two major continuous leaching campaigns were successfully carried out in a continuous mini-pilot plant at SGS Lakefield. The iron oxidation and hydrolysis steps were also tested in continuous mini-plant campaigns at SGS Lakefield. There was sufficient laboratory work carried out to enable definition, at the conceptual level, a technically viable preliminary flowsheet. The major unit operations (primary leach, secondary leach, ferrous iron oxidation and hydrolysis) were tested in continuous mode at SGS, thereby demonstrating the technical competence of these unit operations.

The process oxidation and hydrolysis steps for the iron sulphides, however, were reported as novel and are not commercially proven unit operations. Fundamental measurements of heat capacity, thermal conductivity, viscosity, and other properties will be required in order to determine the required heat transfer coefficients to size heat transfer surfaces, or preferably, direct measurements of heat transfer at a larger scale than has been completed thus far.

In addition, the materials of construction of a process plant will require further study and development, particularly for the heat transfer surfaces. The fluids under consideration are aggressive and materials normally used for heat exchange surfaces, e.g. steel, would be dissolved. SGS completed preliminary corrosion testing, and it appears that higher grades of titanium may be suitable for the oxidation stage, and tantalum may be required for the hydrolysis stage. It is expected that verification in this area will require substantial work.

The process has evolved from the results of metallurgical test work completed over the past decade. As experimental data became available it was incorporated into a process model that was used to develop the operating and capital cost estimates used in this and the preceding evaluations of the process. These economic estimates are now, however, considered to be outdated.

The most recent embodiment of the process model reported in the PEA that overall metal extractions of 91% for nickel, 96% for copper, and 90% for cobalt were achievable using the proposed process.

The process was stated to have the potential to generate stable, non-toxic tailings, and most importantly, recover a sufficient quantity of the intrinsic energy in the ore to make itself sustaining in energy usage. It was suggested that there may be no need to import fuel oil for generating power on-site, which would otherwise be necessary in such a remote location. The excess energy recovered from the process was potentially sufficient to operate the hydrometallurgical process plant, as well as the mine, concentrator, and concentrate pipeline pump stations.

There are a number of uncertainties in the process flowsheet, where it was necessary to make assumptions. The most important of these are the iron and sulphur contents of the ore, and its accompanying mineralogy, and secondly, the lack of fundamental data in the scientific literature to enable a rigorous energy balance to be carried out.

No account was undertaken of the precious metals content of the ore, since no process for their recovery were properly evaluated although it was suggested by personal communications with former Starfield employees that their recovery was mandated, even as a relatively low-grade concentrate, since it comprised a significant potential revenue stream even while Starfield operated the Property.

It was suggested in the PEA there was potential to process low-base metals, high-PGE mineralized material although low-base metals-content material would not provide the energy advantages of the massive sulphide material. There was believed value in recovering PGEs from both low-base metal material and from the secondary leach residue generated at the end of the hydrometallurgical circuit.

In summary, the Starfield proposed process flowsheet in the RPA PEA was based on the following step by step operations:

- The run of mine (ROM) ore will be crushed and processed in the on-site concentrator and the concentrate will then be transported by pipeline to the hydrometallurgical processing facility located near Arviat. The concentrate slurry will be dewatered and filtered ahead of the process
plant.

- Primary leaching of the sulphide concentrate will be carried out with hydrochloric acid (HCl) at a temperature of approximately 115°C, producing a ferrous chloride (FeCl2) solution, hydrogen sulphide (H2S) off-gas, and a residue containing virtually the base metals.

- The hydrogen sulphide (H2S) off-gas from the primary leach will be f cooled to condense most of the water and any residual HCl, prior to burning in air to generate high-strength sulphur dioxide (SO2), which will be sent to an acid plant to produce 93% sulphuric acid. This will permit the recovery of a substantial amount of the intrinsic energy in the ore as high-pressure steam, for use both directly in the flowsheet and also for electric power generation.

- The solids from the primary leach will be treated in a secondary leach with oxygen at about five atmospheres, under conditions that dissolve the nickel, copper and cobalt while initially dissolving but then re-precipitating the iron as goethite. The sulphide sulphur in the primary leach residue will be converted to elemental sulphur.

- The slurry from the secondary leach will be filtered, the filtrate proceeding to further processing and the filter cake contacted with recycled strong hydrochloric acid to re-dissolve the goethite. The resulting slurry will be filtered, and the filter cake washed with water. The washed filter cake will leave the process as a residue containing the precious metals. The filtrate, a concentrated solution of ferric chloride, will be sent to the oxidation/hydrolysis section of the process.

- The ferrous chloride ($FeCl_2$) solution will be combined with other recycled streams containing iron chloride, concentrated by evaporation, then oxidized with oxygen to initially precipitate one-third of the iron as hematite, and generate a ferric chloride ($FeCl_3$) solution.

- The slurry from the oxidation step will be subjected to a hydrolysis step, in which it is heated and most of the ferric chloride is converted to hematite and gaseous hydrochloric acid (about 35% HCl). The acid will be recycled.

- The slurry from the hydrolysis step will be filtered hot in a specialized filter and the filtrate is returned to either the oxidation step or the beginning of the hydrolysis step to control the solids content of the slurry in the hydrolysis step.

- The hot filter cake from the hydrolysis step will be quenched and diluted with recycled solutions from downstream in the circuit. The resulting slurry will be filtered, and the filter cake washed with water. The washed filter cake will leave the process as a by-product hematite. The filtrate will be recycled to the evaporation step ahead of the oxidation stage.

- Zinc will be removed from the filtrate from the secondary leach by ion exchange (IX), after which copper and cobalt recovery from the secondary leach solution will occur through anionic SX. A second stage of SX will then separate the copper from the cobalt, and each metal will be recovered using SX and electrowon from a sulphate medium to generate LME-grade metal.

- Nickel will then be recovered by conventional sulphate SX, and electrowon to produce LME-grade metal. The raffinate from the nickel SX step will be combined with the strip solution from the zinc ion exchange step and evaporated at reduced pressure the steam produced being condensed and the condensate recycled, and the final concentrated chloride brine being contacted with concentrated sulphuric acid, generating hydrochloric acid that will be recycled and a sulphate effluent that will leave the process.

Starfield did not propose any formal methodologies for the extraction and recovery of palladium and platinum.

Geological Setting and Mineralization

REGIONAL GEOLOGY

The Ferguson Lake Property lies within the western Churchill Province, an Archean craton, that has been divided by previous workers into the lithologically distinct Rae and Hearne domains by the northeast trending Snowbird Tectonic Zone (Figure 7.1).

More precisely the Ferguson Lake Project is located 100 km east of the Snowbird Tectonic Zone, within the north-western part of the Hearne domain, which is bounded by northeast trending, regional shear zones including the Tulemalu Fault Zone (part of the Snowbird Tectonic Zone) on the north and by the north-eastern extension of the Tyrrell Shear Zone on the southeast. The Hearne domain is principally made up of Archean metavolcanic and metasedimentary rocks and an aerially extensive gneissic terrane derived from both Archean supracrustal and plutonic rocks that have been intruded by early Proterozoic plutonic rocks (Miller, 2005b).

The Western Churchill Province, because of its diverse geological environments which span a 1.5 billion years interval, is host to a variety of mineral deposit types (Miller, 2005b). Known mineral deposits, prospects and occurrences include mafic - ultramafic-related magmatic nickel-copper-cobalt-PGE massive sulphides, orogenic (mesothermal) lode gold, volcanic hosted massive sulphides, syngenetic and epigenetic uranium deposits and prospects, quartz-carbonate veins containing precious metals and diamonds associated with Phanerozoic kimberlite intrusions.

Regional mineral exploration efforts in the area of the project have been directed to orogenic gold, iron formation-hosted gold, volcanic hosted massive sulphides in both the Yathkyed and Ennadai -Kaminak - Rankin greenstone belts, as well as for diamonds over a much broader area.

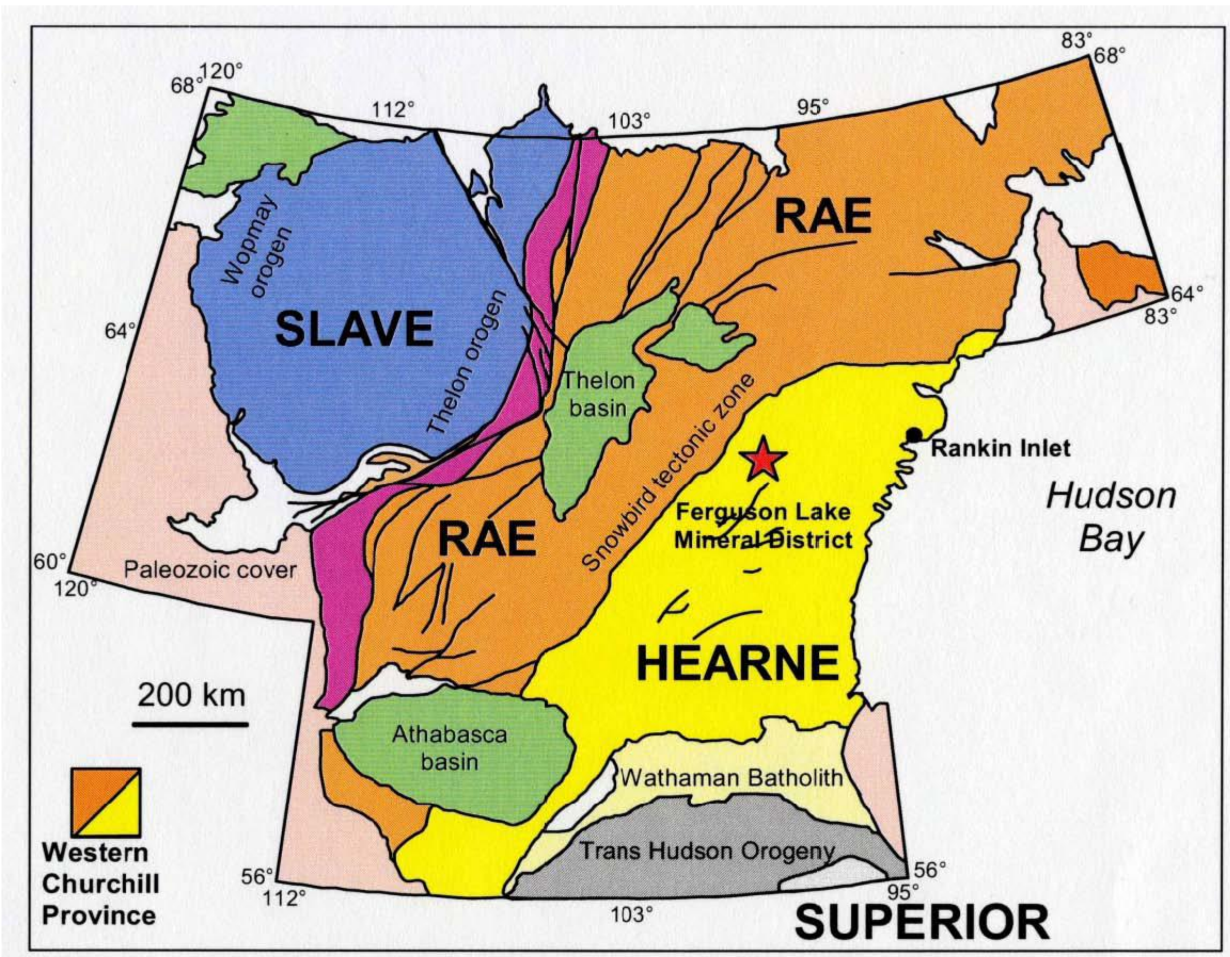


Figure 7-1. Ferguson Lake Regional Tectonic Setting (Hanmer, et al., 2004).

LOCAL GEOLOGY

The Ferguson Lake area overlies the most northerly extension of the northeast-trending Yathkyed greenstone belt (Martel and Sandeman, 2004), which consists of strongly deformed, Archean gneissic supracrustal and intrusive rocks that have been raised to upper amphibolite facies and variably deformed Proterozoic plutons and dykes. Although protoliths of the older supracrustal rocks are comparatively rare, where seen, they consist principally of mafic metavolcanics with cherty iron formations and lesser intermediate to felsic metavolcanics and clastic metasedimentary rocks.

The widespread Archean gneissic rocks are intruded by Archean granodiorites, quartz monzonites, and a variety of mafic intrusions inclu ding diorites and gabbros. Late Archean intrusions include the east- to northeast-trending Kazan Dykes (Eade, 1986) which consist of variably metamorphosed gabbros and hornblendites.
Early Proterozoic (Tulemalu Dykes - Eade, 1986) gabbros and slightly younger diabase dykes cut all older rocks, as do late Proterozoic syenites and lamprophyres. The Martell Syenite (Bell, 1971; Eade, 1986), which is an example of this intrusive activity forms a large (13 x 5 km) pluton centered on Uligattilik Hill. This intrusive is located several kilometres east of the Ferguson Lake Property and is reflected by a positive magnetic anomaly on published airborne magnetic survey results for map-area 65I. As described by Bell (1971), this pluton consists of massive, uniform, biotite-pyroxene-amphibole syenite in which apatite is a common accessory mineral. It is thought that biotite-rich mafic dykes, prevalent within the Property area, may be related to this intrusive event.

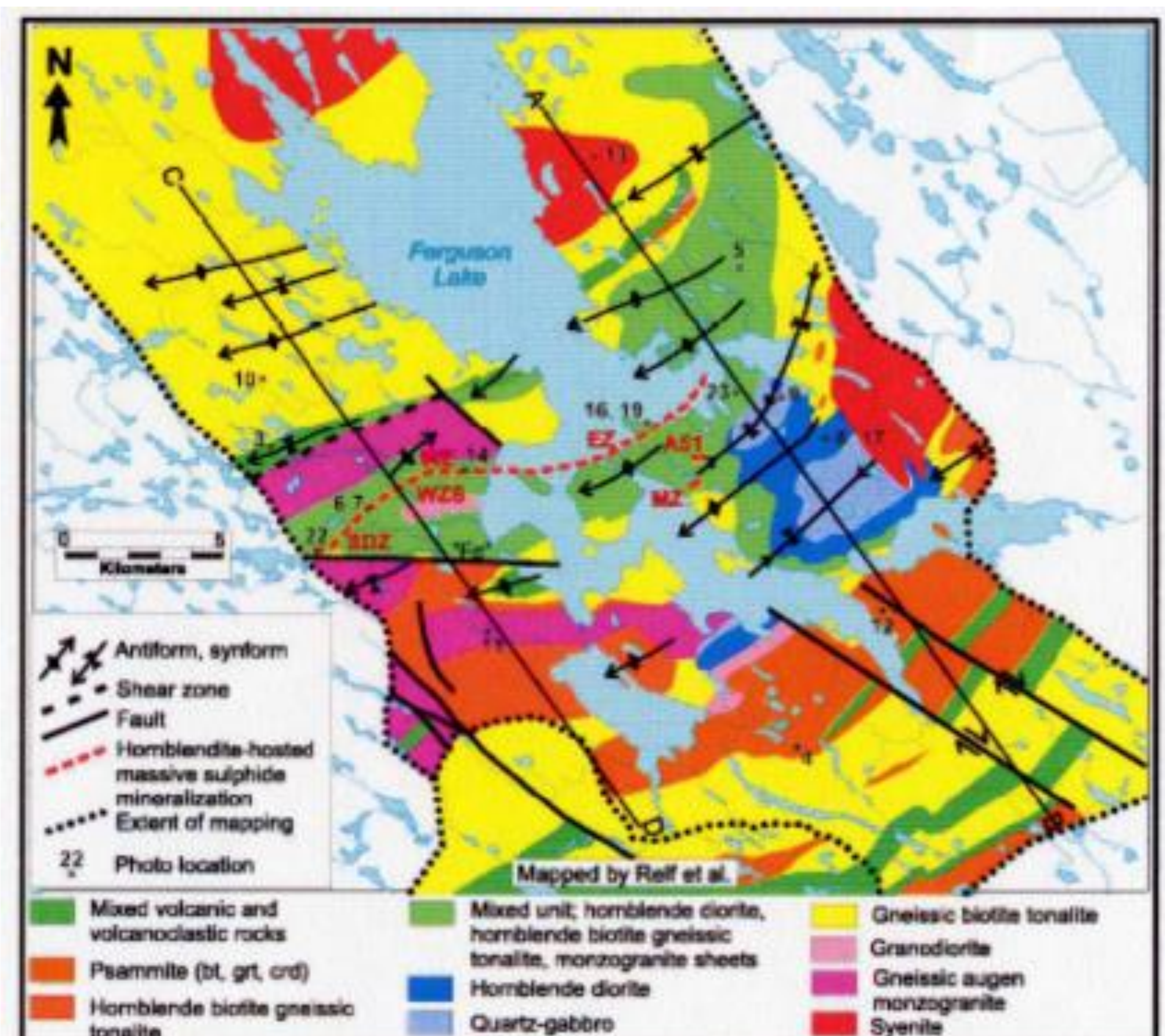


Figure 7-2. Ferguson Lake Area Geology (Martel and Sandeman, 2004).

PROPERTY GEOLOGY

Within the Ferguson Lake Property pronounced layering in the supracrustal rocks trends east-northeast to northeast and dips moderately to steeply north. Medium to coarse-grained, massive to weakly foliated gabbros, containing +60% hornblende, and termed hornblendites in earlier reports, mainly occur within, and are conformable with, the layering in amphibolite-hornblende-biotite gneiss sequences. Petrographic studies suggest that these hornblende-rich gabbros, which are the principal host rocks for base metal sulphides and platinum group elements, may be metamorphic products of original tholeiitic mafic or ultramafic (pyroxenite-peridotite) intrusions. The foregoing lithologic units, including the host gabbros, are cut by younger (mid-Proterozoic) gabbros and diabases and by late Proterozoic syenites, quartz-feldspar porphyries and fine-grained, locally biotite-rich mafic dykes. Three generations of deformation are recognized and Martel and Sandeman (2004) report an early phase foliation in the host hornblendite unit and suggest that it and the contained sulphide mineralization were subjected to two subsequent phases of folding with the first of these represented by the numerous northeast-southwest structures shown on Figure 7-2. Therefore, mineralization at Ferguson Lake is inferred to be of Archean age.

The structural mapping program, conducted by Henderson, 1999, in the areas of the two principal mineralized zones, East and West Zones, indicated that most of the lithologic units, including the granitic intrusive rocks but excluding the younger gabbro, diabase and mafic dykes and syenite plutons, were subjected to high grade metamorphism and deformation. Intricate folding of the gneissic rocks and the hornblendites (gabbros) has produced antiform and synform structures which are particularly evident in the area east of Ferguson Lake. The East and West mineralized zones were interpreted as being within the south limb of a recumbent, double-plunging synform or “canoe-shaped” structure modified by numerous faults and shear zones which offset the various lithologic units.

Miller (2005a) suggests that the host gabbroic units in both the East and West sulphide zones at Ferguson Lake are a component of metamorphosed compositional layering. This compositional layering in the East Zone is represented by mesocratic through leucocratic gabbro and into anorthosite, which is commonly garnet bearing. In the West Zone, compositional layering ranges from pyroxenite through mesocratic and leucocratic gabbro. Miller further suggests that the original magma underwent fractional crystallization within several chambers to form layered mafic and ultramafic rocks and proposes that the Ferguson Lake Intrusion might best be termed the Ferguson Lake Intrusive Complex (FLIC). Miller also indicates that the host rocks and contained mineralization are of Archean age but correctly points out that there are no geochronological dates to substantiate this hypothesis.

The main gabbro (or hornblendite) unit, which is host to all of the known sulphide zones including East, Central (lake) and West Zones (Figures 7-2, 7-3), exhibits a fair degree of continuity and predictability over an east-west strike length of more than 12 km is of interest. This linear feature, which significantly trends only slightly north of east as opposed to the dominant northeast structural trend of the surrounding area suggests that the host intrusion post-dates the earliest, most intense, phase of Archean deformation and metamorphism that is evident in the surrounding gneissic rocks.

MINERALIZATION

The main gabbro unit, which is host to all of the known sulphide zones including East, Central (lake), West and West Extension Zones (Figure 7-3), exhibits a fair degree of continuity and predictability over an east-west strike length of more than 12 km is of interest. This linear feature, which significantly trends only slightly north of east as opposed to the dominant northeast structural trend of the surrounding area suggests that the host intrusion post-dates the earliest, most intense, phase of Archean deformation and metamorphism that is evident in the surrounding gneissic rocks.

The various mineral zones identified to date in that part of the property bordering Ferguson Lake are magmatic nickel-copper sulphide deposits which also contain cobalt and platinum group metals PGM values. As noted, these zones are spatially related to mafic (and ultramafic) intrusions which are principally in the form of fine- to coarse-grained gabbro which include hornblendites. Three of the mineral zones (East, Central (lake) and West - Figure 7-3) are at least spatially related to the same gabbro unit which is between 10 and 600 metres thick and has been traced by intermittent exposures and by diamond drilling over a strike length of more than 15 km, east and west of Ferguson Lake. This and the other gabbro units hosting the several other mineral zones dip moderately to steeply north and are generally conformable with enclosing hornblende-rich gneisses.

Better grades of base and precious metals mineralization are present within massive to semi-massive sulphide lenses, pods and stringers which consist of between 80% and 90% pyrrhotite and lesser chalcopyrite, some pyrite and very fine-grained pentlandite. Rounded magnetite grains, up to 1 cm in size, are a common constituent of the sulphide lenses. Better grades are contained within zones having thicknesses of between two and tens of metres.

Sulphide matrix breccias, featuring 1-2 cm subrounded mafic clasts, are a common feature of massive sulphide zones. Net-textures have been noted in some of the stringer and fracture-filling sulphide sections. The sulphide zones occur mainly in the upper, structural hanging wall portion of the of north-dipping gabbro units and to a lesser degree as remobilized lenses within hanging wall and footwall gneisses. The sulphide-rich zones are marked on surface by prominent gossans up to 25 metres wide and several hundred metres long.

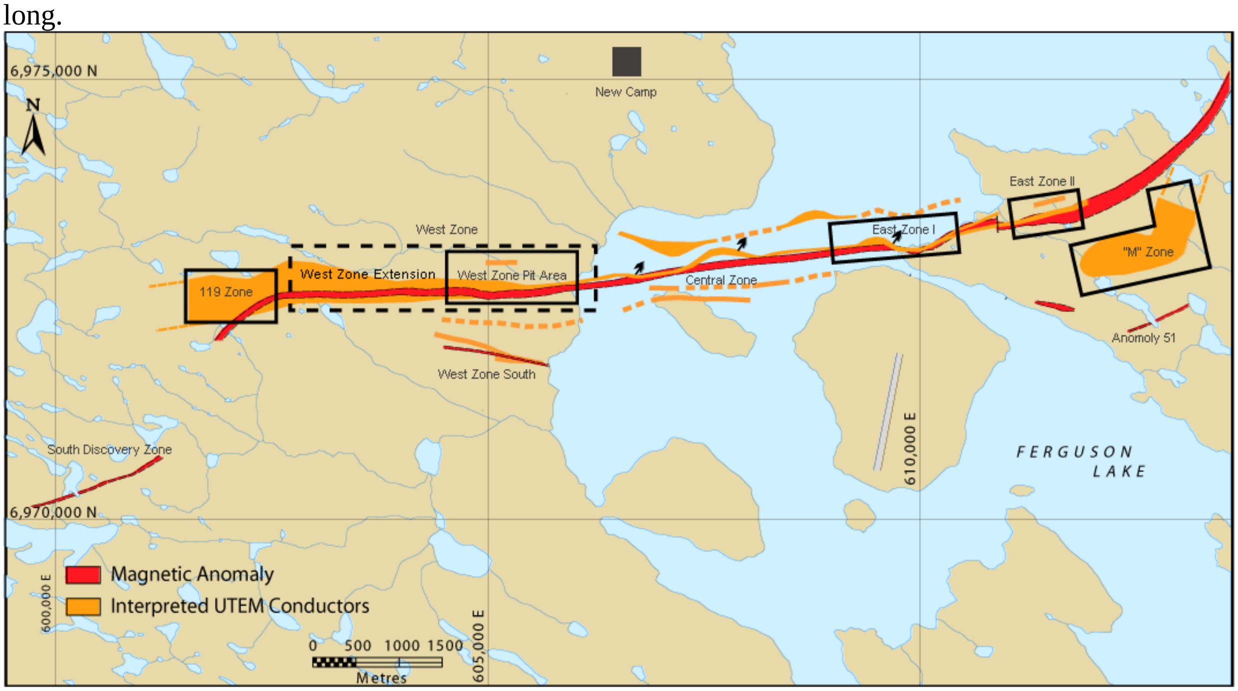


Figure 7-3. Ferguson Lake Mineralized Zones

Deposit Types

The nature of the Ferguson Lake deposits, as currently understood, appear to conform with Eckstrand (1996) subtype 27.1d - "other tholeiitic intrusion-hosted nickel-copper" deposits which are described as being associated with mafic and ultramafic phases of differentiated intrusions. Sulphide minerals present in this deposit subtype include abundant pyrrhotite with subordinate pentlandite, chalcopyrite and pyrite which are present as massive lenses, sulphide matrix breccias, net-textured fracture fillings and as disseminations. Nickel to copper ratios range from 3:1 to less than 1:1 (Eckstrand,1996).

Exploration

2013 WORK PROGRAM
SAMPLING OF HISTORICAL CORE

During the summer of 2013, the Ferguson Lake Camp which is located on the Property was opened by the Corporation with the major purpose completing a technical evaluation of the project. In addition, maintenance and repair work was undertaken on camp buildings and facilities, mechanical equipment, vehicles and airfield.

A field examination and review was conducted of the Starfield historical core stored on site at the camp, and at the old camp area, situated on an island in Ferguson Lake four km to the southeast. A total of 86 drill core samples were collected from 18 holes made up of 77 samples for Ni, Cu, Co, Pd and Pt analysis and nine samples for whole rock analysis. Focus was on identifying drill intersections of low-sulphide, high PGE mineralization for complete precious and multi-element assay and on locating probable peridotite intrusive composition rocks for whole rock geochemistry which serve as vectors to favourable host rocks of high-grade mineralization.

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 material had been gathered by Starfield from the surface of the Ferguson Lake West Zone using an excavator in 2010. In this program, the rejects from the aforementioned 77 core samples of low sulphide mineralization are also available for testing at SGS Lakefield totalling about 400 kilograms of sample material removed and shipped during this program.

Analytical results found that the predominantly low sulphide core samples averaged 0.07% Ni, 0.07% Cu, 0.01% Co, 1.42 g/t Pd and 1.20 g/t Pt with values ranging from below detection to up to 0.59% Ni, 1.0% Cu, 0.06% Co, 6.68 g/t Pd and 10.5 g/t Pt in massive sulphide material. Gold values were nearly always <20 ppb. The results were compared with those equivalent samples possessing Pt and Pd historic partial analyses as discussed under "*Data Verification*".

Review of Ferguson Lake Deposit Model

Previous and recent exploration work completed on the Ferguson Lake Project since 2002 has defined mineralized zones within the Project area which have undergone a number of resource appraisals which cumulated in the most recent historic resource estimation reported by Starfield and listed in Table 6-2.

For this review on behalf of the Corporation, all drilling completed by Starfield, which had undergone QA/QC review by Roscoe Postle Associates reported Clow et al. (2011), was incorporated into a new three-dimensional deposit model. The review was completed by Jason

Baker P.Eng. of Caracle Creek International Consulting Inc. using the GEMS V6.5 resource modeling software and was a re-examination of the reported historic resource for the West and West Extension Zone of the deposit applying five main differences 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) as discussed under "*History*" (See Figure 9-1).
- A minimum mining width of 3 metres instead of 2.5 metres
- Incorporation into the model of the 2011 drilling results completed by Starfield
- The addition of footwall zones of low-sulphide PGM rich mineralization based upon the Pd + Pt cut-off.
- The East Zone was not included in this resource re-estimation 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.

Based upon this review, the GEMS model of the West Zones is shown in Figure 9-1.

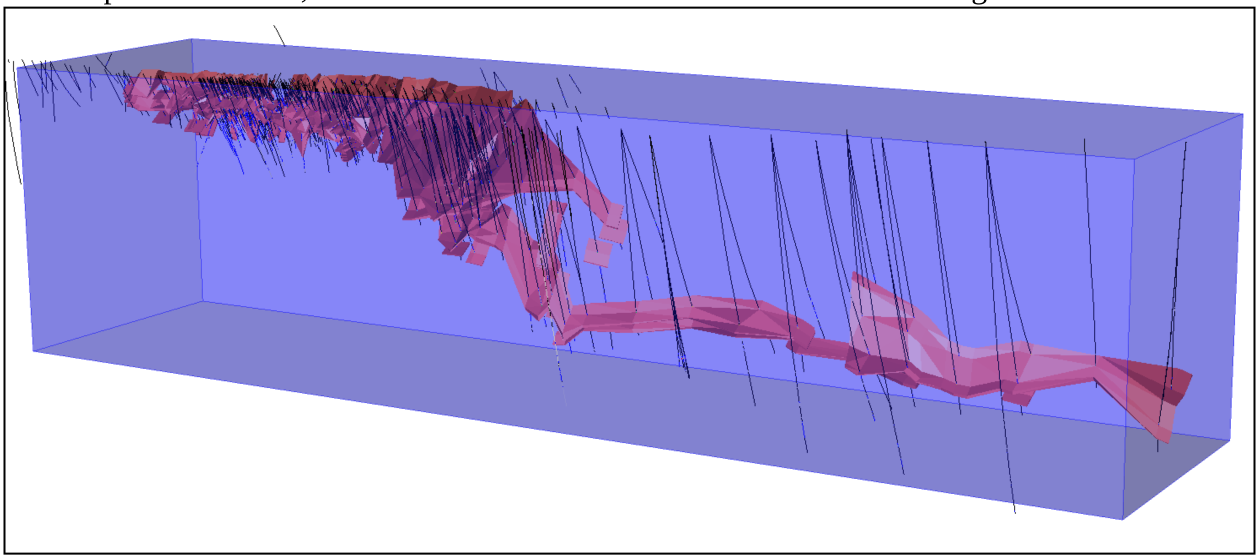


Figure 9-1: West Zone 3D View of Wire Frames, Drill Holes & Block Model Outline (Looking SE)

Historic diamond drilling has demonstrated that massive, semi-massive and disseminated sulphide intersections of variable widths extend on the Property over a strike length of approximately 15 kilometres. For the purposes of this evaluation, the Property was divided into a series of lenses plus separate footwall low-sulphide zones. This review for the Ferguson Lake Project was estimated exclusively from diamond drill hole data. No systematic excavations or surface sampling were completed that contribute to the resource estimation database.

A total of 608 drill holes in the Ferguson Lake database were inputted into the new model, which includes those drilled by Inco during the 1950s and those drilled by Starfield from the period 1999 to 2011. The number of drill holes and total metres drilled, by drill campaign, are presented in Table 9-1. The vast majority of the 2007 and 2008 drilling was confined to the Main West Zone where most of the Starfield 2011 historic estimate was completed.

Table 9-1. Ferguson Lake deposit drilling summary by year.

Year	Company	No. of Holes	Metres
1953	Inco	173	26,385
1999	Starfield	19	3,923
2000	Starfield	48	15,533
2001	Starfield	38	21,500
2002	Starfield	53	24,957
2003	Starfield	9	2,721
2004	Starfield	55	23,018
2005	Starfield	29	16,973
2006	Starfield	116	24,951
2007	Starfield	19	6,139
2008	Starfield	49	18,813
2011	Starfield	3	1,866
Total		**608**	**184,913**

A total of 36,764 samples, which make up the Ferguson Lake database, were used in the review. The high sulphide drill core samples collected by Starfield were analyzed for Ni, Cu, Co, Pt, and Pd; however, some low sulphide drill core samples, collected by Starfield were analyzed only for Pt and Pd. Some of these samples which reported good Pt and Pd values were re-analyzed including Ni, Cu and Co values as discussed under "*Exploration*". The Inco samples were generally only analyzed for Ni and Cu. The total number of samples and metres of core analyzed by year is presented in Table 9-2.

Table 9-2. Ferguson Lake deposit drilling sample data.

Year	Company	No. of Samples	Total Metres (of sampling)
1953-54	Inco	2,350	3,277
1999	Starfield	912	680
2000	Starfield	2,351	2,172
2001	Starfield	1,868	1,792
2002	Starfield	3,396	3,602
2003	Starfield	1,107	1,415
2004	Starfield	4,746	6,075
2005	Starfield	2,099	2,504
2006	Starfield	5,927	5,897
2007	Starfield	2,713	3,764
2008	Starfield	9,088	12,681
2011	Starfield	207	294
Total		**36,764**	**44,152**

Drill core logging by both Inco and Starfield included the identification of rock types which was in-putted into the Ferguson Lake GEMS database. This included the major distinctions between the host intrusion, surrounding country rocks, and massive sulphides. The country rocks are broken out into several types of amphibolites, gneisses, and granitic rocks. The intrusion is mainly described as gabbro with lesser amount of hornblendite associated with the massive sulphide mineralization. Massive sulphide (>50%) was broken out as a rock type in the lithological description of the core. Mafic to felsic dykes had been logged as crosscutting both the country rocks and the intrusion. Differences in rock type coding between closely spaced holes, particularly those from different drill campaigns, suggest difficulties identifying major rock types consistently, perhaps due to variability in metamorphism within the mineralized zones. Moreover, the absence of recognizable marker horizons has made correlations difficult. The best marker horizon identified to date is the upper gabbro contact with a thick sequence of amphibolites. This contact appears to be sub-parallel to the mineralized horizons and provides the best available guide as to the overall orientation of mineralization.

The Ferguson Lake deposit database contains 1,442 specific gravity (SG) measurements from drill campaigns between 2002 - 2006. In 2006, specific gravity was reported to have been determined on 1,342 drill core samples during the course of sample processing for base and precious metal analyses. The SG was determined using the water immersion method. Based upon the RPA PEA (Clow et al. 2011), the SG data in comparison to the analytical results showed good correlation between SG and nickel grades for both high and low sulphide samples.

The linear regressions used for the results reported in the RPA PEA were as follows:

- SG = 1.1712 * Ni + 2.8968 for the low-sulphide gabbro-hosted mineralization, and
- SG = 1.3638 * Ni + 2.9435 for the massive sulphide mineralization.

For the purposes of this review the more conservative low sulphide gabbro-hosted linear regression was chosen to estimate individual block density based upon the Ni grade.

The drill hole data were imported into the GEMS software package for the purposes of geological and resource modeling. Imported data included drill hole collar locations, down-hole surveys, rock type, and sample data including sample identification and analytical data for Ni, Cu, Co, Pd and Pt.

The block model definitions used are shown in Table 9-3. The three-dimension block model is represented by “X”, “Y” and “Z” coordinates. Positive rotation is clockwise about any axis. Based on the anticipated mining methods, the size of the mineralized domain and the drill hole spacing, Caracle Creek chose a block size of 5m × 5m × 5m. Figure 9-1 shows the outline of the block model definitions for the West Zone and Figure 9-2 shows the grade (Pd) of the populated blocks.

Table 9-3: Block model definitions

	Y (m)	**X (m)**	**Z (m)**
Origin Coordinates (m)	19550	5575	200
Block Size	5	5	5
Rotation	0	0	0
Number of Blocks	1050	240	265

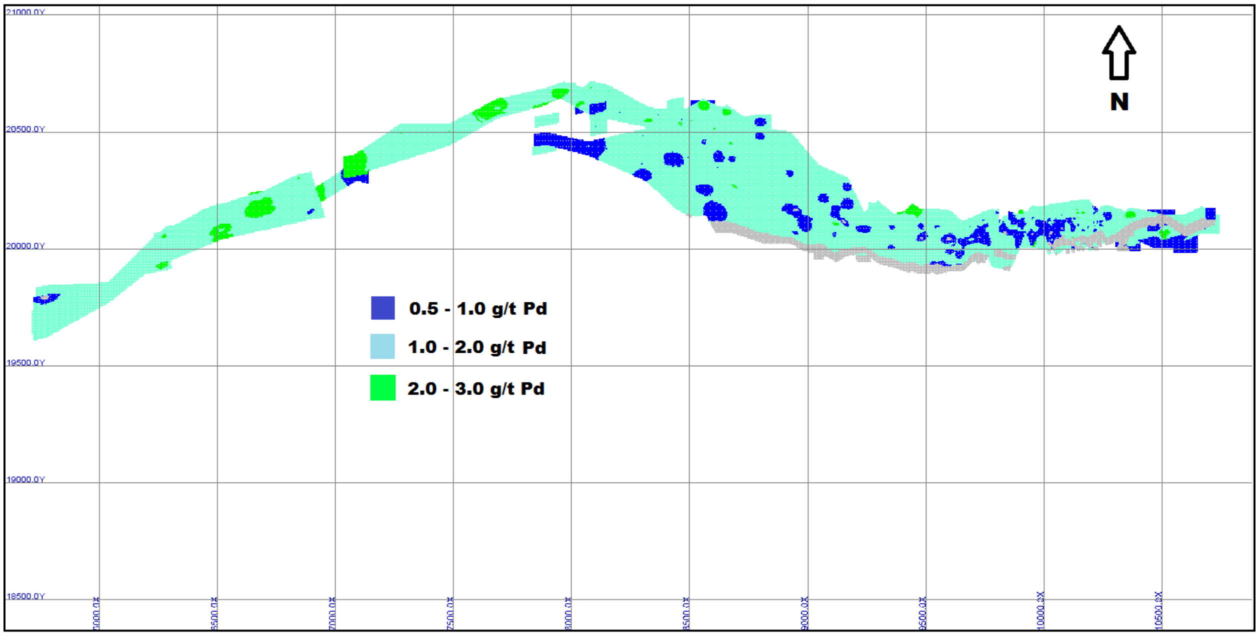


Figure 9-2: West Zone plan View of Pd Blocks Within the Block Model

Grade estimation for the review was based on Inverse Distance methodology using one pass.

Table 9-4 summarizes the parameters used in the grade estimation.

Table 9-4: Grade Estimation Parameters

	Pass 1
Method of Interpolation	Inverse Distance
Search Radius	300m X 300m X 300m
Search Type	Spherical
Min # of Samples	1
Max # of Samples	30

The estimation parameters set were interpolated through some Ni, Cu and Co intervals for which no Pd and Pt analyses had been completed. Caracle Creek in their review did not evaluate the spatial distribution of grade using variograms. The raw assay data was viewed in three dimensions as a starting point to help determine grade continuity directions.

The Author examined the methodology and the updated calculated tonnage and grade generated from this review, and concluded that this estimate was not consistent with the requirements of NI 43-101 and the definitions set out by the CIM Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council in 2010, therefore these numbers are not provided in this Technical Report.

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

There are no known factors related to permitting, legal, title, taxation, socio-economic, environmental, and marketing or political issues which could materially affect this estimation except those outlined under “*Property Description and Location – Permits*”. Review of the model confirmed considerable additional drilling is required and recommended to determine the full extents of the mineralization at the Ferguson Lake Project.

2015 EXPLORATION PROGRAM

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 Corporation’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 Corporation. Near all of the exploration work was completed outside the present Property boundaries thus it is not considered material. 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.

Reconnaissance Prospecting and Sampling Program

During this work program a total 23 multiple predominantly regional mineralized geochemical / geophysical targets areas were chosen, examined and assessed by the geological teams on the ground. Some targets were indicated to potentially host more than one mineralization type. Thirteen of these targets hosted historical Cu-Ni(+-PGE) mineral occurrences and eight recorded known Au occurrences. Eleven were selected airborne electo-magnetic conductors of unknown cause.
T
he geophysical targets were chosen from airborne surveys results from the Starfield Resources exploration programs completed in 2005 and 2009 some of which had been previously recommended but remained under-explored or in some cases never followed up on the ground. Rock chip samples were taken by the field crews at attractive exposures of ultramafic, gabbro or strongly hydrothermally altered rocks, and /or rocks hosting significant sulphides, and/or iron oxide gossans from either outcrop or sub-crop. During the exploration program approximately 269 surface rock samples from outcrop or sub-crop for litho-geochemical analysis were obtained by the geological teams.

The most significant analytical results were found to return values of up to 14,300 ppm Cu, 2,490 ppm Ni, 539 ppb Pd, and 220 ppb Pt hosted in highly weathered serpentine and clay rocks hosting 10-30% iron oxides, pyrrhotite and chalcopyrite mineralization. Other results of interest are scattered Cu, Ni and Pd anomalous values which are found extend easterly along strike across the eastern arm of Ferguson Lake. The samples were obtained from gossanous gabbro outcrop containing variable disseminated pyrrohotite (5-20%) and lesser chalcopyrite. A parallel east-west trending gabbro - amphibolite sequence deposit is located 3 kilometres south of Ferguson lake deposit was examined and prospected. The sampling of sub-crop gossans returned values of up to 5,160 ppm Cu, 580 ppb Pt and 317 ppb Pd.

In addition, five areas exhibiting attractive clusters of anomalous magnetic signatures identified from the airborne surveys combined with potentially favourable previous exploration results were examined and sampled on the ground for diamond potential. Thirteen 25-30 kg till samples were gathered at four of the target areas and sent for Kimberlite Indicator Mineral analyses. No significant results were reported.

Ground Geophysical Surveys

During the field program a 27 line-km ground magnetic and VLF survey was completed over the eastern end of Ferguson Lake approximately two kilometres along strike east northeast from the eastern end of the Ni-Cu-PGE mineralized zones as shown in Figure 9-3. The figure shows the grid location with respect to the distribution of the interpreted conductor anomalies from the helicopter - borne VTEM electromagnetic and magnetic survey flown over the Property in 2004 and the locations of the West and East zones mineralized bodies.

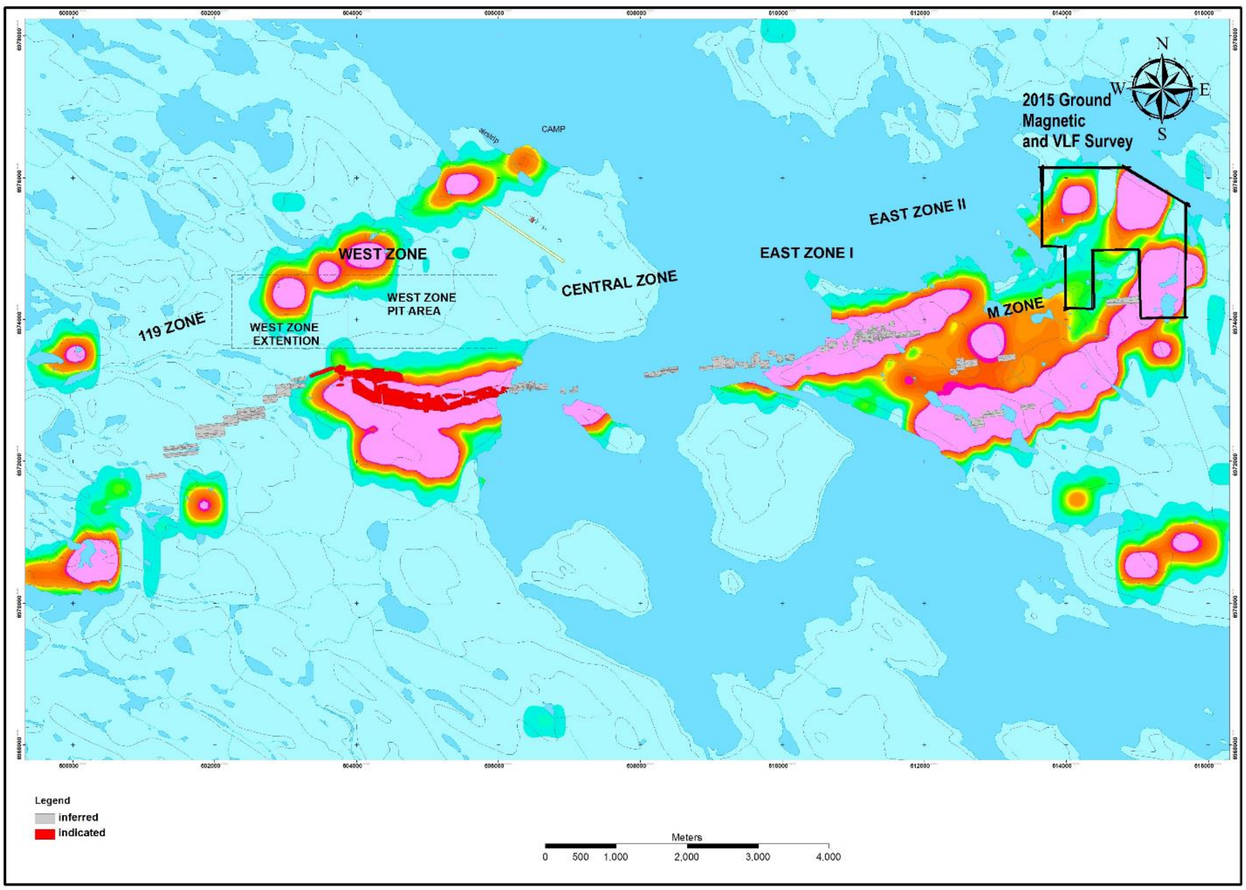


Figure 9-3 2015 Geophysical Grid Location overlain on Ferguson Lake conductive zones from historic airborne VTEM survey.

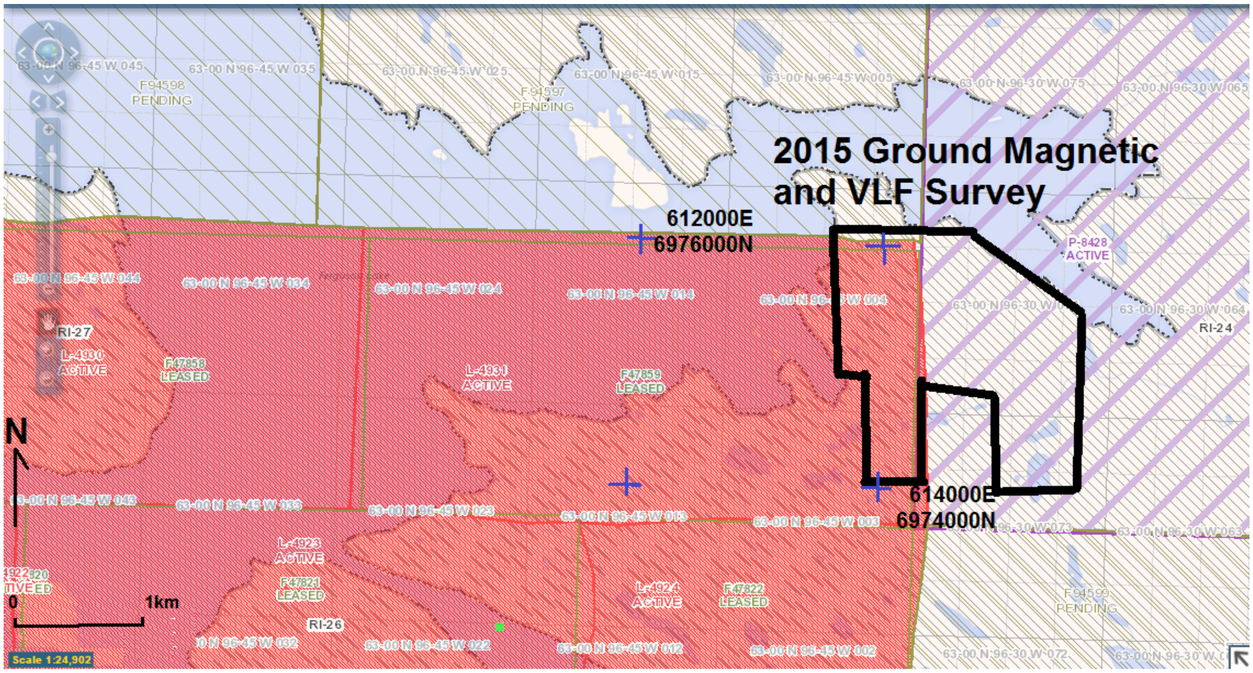


Figure 9-4 Geophysical Grid Location in UTM NAD 83 coordinates, Zone 14 overlain on Ferguson Lake Mineral Leases in red.

The ground geophysical grid overlapped on Mining Lease F47859 as shown on Figure 9-4 and covered an area which had never been ground surveyed with its southern and eastern boundaries adjacent to the farthest east extent of previous ground surveys completed by Starfield Resources in 2002 and 2003. The data was plotted using UTM calculated from the raw GPS data using NAD83 and Zone 14.

2018 Exploration Program

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 2400 ppm Cu, 1750 ppm Ni, 290 ppm Co, 0.89 ppm Pd and 0.33 ppm Pt.

Drilling

No drilling has been completed on the Property by the Corporation.

Sample Preparation, Analyses and Security

Prior to purchase by the Corporation, the Property was materially explored by two previous companies Canico from 1950 to 1956 and Starfield from 1999 to 2012. There is no information available on sample handling or QA/QC in general with respect to the Canico exploration of the Property. The QA/QC program carried out by Starfield on the Ferguson Lake Property is reported in detail in the RPA PEA (Clow et al. 2011).

2013 Work Program

During the CNRI 2013 historical drill core sampling program, a batch of samples of 0.5 - 1.5 metres in length were chosen of sawed sections from historic core stored at the Ferguson Lake camp. The samples were placed in tie-locked poly-ethylene bags then into rice bags. The rice bags were shipped to Rankin Inlet by helicopter under the supervision of the Corporation's staff geologist, Tyler Power P.Geo. The sample bags were then shipped by air cargo directly to the Corporation's office in Toronto, Ontario where it was received by the author, then forwarded unopened by courier to the SGS Mineral Services analytical facility in Lakefield, Ontario.

A total of 86 drill core samples from the 2013 program were analyzed at the accredited (ISO 9001 and ISO/IEC 17025) SGS laboratories in Lakefield and Vancouver. The samples were prepared by coarse crush to 6 mm then split using a riffle splitter with 250 gram split pulverized to 200 mesh (75um). Seventy-seven samples were analysed for Au, Pt and Pd by fire assay with ICP finish and multi-element 4-acid digestion with ICP-AES analysis for 33 element including Ni, Cu and Co. If Ni, Cu or Co were greater than 1.0% then these elements were re-analyzed by sodium peroxide fusion with ICP-AES analysis. Nine samples were analyzed by whole rock methodology using borate fusion and x-ray florescence. A pulp duplicate was selected for every ten samples and sent for check analysis using similar methodology at the accredited (ISO/IEC 17025) ALS Minerals geochemistry facility in North Vancouver, British Columbia.

2015 Exploration Program

In total 278 rock and control samples were shipped by bonded carrier in secured sample bags to SGS Laboratories, Burnaby in British Columbia for Au plus multiple element analyses. Sample processing entailed crushing the <3 kg samples to 90% passing 2mm, split 1,000 gram then pulverize to 85% passing 75 microns. A 30 gram aliquot of pulverized material was fire assayed for gold (1-10,000 ppb), platinum (10-10,000 ppb) and palladium (1-10,000 ppb) with ICP-AES finish. Samples also underwent sodium peroxide fusion with ICP-MS analysis for 33 elements with over range Ni, Cu, Pb, Zn (>50,000 ppm) and Ag (>200 ppm) undergoing assay. Ni-Cu-PGE and/or gold standards plus silica sand blanks were inserted with every batch of approximately 40 samples sent for analysis

In addition, thirteen 25 -30 kg till samples, each packed in a sealed five-gallon plastic bucket, were shipped by bonded carrier for Kimberlite Indicator Mineral (KIM) analyses which was conducted at the SGS Laboratories in Lakefield, Ontario and Brazil.

2018 Exploration Program

In total, 58 rock and control samples were shipped in one batch by bonded carrier in secured sample bags to AGAT Laboratories, Mississauga, Ontario for gold, palladium, platinum and multi-element analyses. Sample processing entailed crushing the <5kg samples to 90% passing 2mm, split 250 gram then pulverize to 85% passing 75 microns. A 50 gram aliquot of pulverized material was fire assayed for gold (0.001-10 ppm), platinum (0.005-10 ppm) and palladium (0.001-10 ppm) with ICP finish using method code 202-555. Samples also underwent 4-acid digestion with ICP-OES finish for 44 elements. A coarse quartz blank, OREAS 206 gold standard, and a CF Reference Materials CFRM – 100 low-grade Sudbury Ni-Cu-PGE sulphide standard was inserted with the submitted batch.

Data Verification

2013 Work Program

The re-sampling of selected split historical core during the Corporation's 2013 field program was completed in order to test the heterogeneity of the previously reported Pt and Pd contents and to fill in analytical gaps in Ni, Cu and Co analyses from previous programs. The heterogeneity tests were completed to support the utilization of the Ni, Cu, Co, Pd and Pt results in the deposit model review discussed under *Exploration – Review of Ferguson Lake Deposit Model*. For the program, 63 of the samples were a direct re-sampling of the same previously sampled core sections and thus allow for their direct comparison with the historic results. Table 12-1 lists the comparative historical and 2013 Au, Pd and Pt analyses shown in original reported units. No external blanks or standards were included for analyses during the 2013 program.

Table 12-1 Comparative analytical results for Ferguson Lake drill core duplicates

Drill Hole	From (m)	To (m)	SGS Lakefield 2013 Sample #s	Au g/t	Pt g/t	Pd g/t	Historic analyses Sample #s	Au g/t	Pt g/t	Pd g/t
FL-07-362	125.8	127.76	G0644501	<20	640	860	739202	0.01	1.33	1.86
FL-07-362	127.76	129.33	G0644502	<20	<20	70	739203	<0.01	0.03	0.28
FL-07-362	139.09	141.15	G0644503	<0.01	0.04	0.14	739210	<0.01	0.1	0.21
FL-07-362	141.15	143	G0644504	0.04	0.23	0.48	739211	0.05	1.81	32.33
FL-07-370	106.71	108.71	G0644505	0.05	0.21	0.45	740265	0.05	0.32	0.37
FL-07-370	108.71	109.71	G0644506	0.04	0.18	1.58	740266	0.03	0.4	1.34
FL-07-370	109.71	112.56	G0644507	<0.01	0.08	0.22	740267	<0.01	0.08	0.18
FL-07-375	174.76	176.3	G0644508	<0.01	0.05	0.18	739817	<0.01	0.05	0.19
FL-07-375	176.3	177.58	G0644509	<0.01	0.34	0.33	739818	<0.01	0.33	0.48
FL-07-375	177.58	179	G0644510	<0.01	2.04	3.93	739819	0.01	2.43	5.86
FL-07-374	167.2	168.68	G0644511	<0.01	0.59	2.49	739897	<0.01	0.31	2.16
FL-07-374	168.68	170.18	G0644512	<0.01	2.7	2.61	739898	<0.01	2.55	1.55
FL-07-374	170.18	171.68	G0644513	<0.01	1.22	1.31	739899	<0.01	1.09	1.19
FL-07-374	171.68	173	G0644514	<0.01	2.84	6.68	739900	<0.01	1.95	4.12
FL-07-374	173	174.49	G0644515	<0.01	9.7	1.38	739901	0.01	9.47	2.38
FL-07-374	177.24	178.74	G0644516	<0.01	10.5	2.28	739904	<0.01	9.35	2.39
FL-07-374	178.74	180.24	G0644517	<0.01	5.31	6.4	739905	<0.01	6.1	8.05
FL-07-374	180.24	181.48	G0644518	<0.01	0.19	1.26	739906	<0.01	0.76	2.13
FL-07-374	181.48	182.92	G0644519	<0.01	1.05	10.1	739907	0.02	0.73	6.86
FL-07-378	156.23	157.68	G0644520	<0.01	0.17	0.3	740510	<0.01	0.16	0.28
FL-07-378	157.68	159.1	G0644521	<0.01	0.6	1.16	740511	<0.01	1.23	1.33
FL-07-378	159.1	160.58	G0644522	<0.01	0.6	0.3	740512	<0.01	0.84	0.25
FL-07-378	160.58	162	G0644523	<0.01	0.4	0.44	740513	<0.01	0.81	0.38
FL-07-380	154	156.5	G0644524	<0.01	0.79	0.25	740800	<0.01	0.62	1.19
FL-07-380	156.5	158	G0644525	<0.01	0.54	0.61	740801	<0.01	0.45	0.48
FL-07-380	158	159.5	G0644526	<0.01	0.68	5.56	740802	0.01	0.31	2.98
FL-07-380	159.5	161	G0644527	<0.01	0.07	0.16	740803	<0.01	0.08	0.14
FL-07-379	148.78	149.7	G0644528	0.02	0.1	2.4	740627	0.03	2.61	2.22
FL-07-379	149.7	150.74	G0644529	<0.01	0.61	0.33	740628	0.01	0.7	0.48
FL-07-379	150.74	152.18	G0644530	<0.01	0.15	0.31	740629	<0.01	0.18	0.35
FL-07-379	152.18	153.66	G0644531	<0.01	0.02	0.06	740630	<0.01	0.02	0.05
FL-07-379	153.66	155	G0644532	<0.01	0.21	0.17	740631	<0.01	0.44	0.24
FL-07-378	215	216	G0644533	<0.01	0.51	2.27	740554	<0.01	0.31	2.13
FL-07-378	216	217	G0644534	<0.01	0.28	0.43	740555	<0.01	0.19	0.69

Drill Hole	From (m)	To (m)	SGS Lakefield 2013 Sample #s	Au g/t	Pt g/t	Pd g/t	Historic analyses Sample #s	Au g/t	Pt g/t	Pd g/t
FL-07-378	217	217.62	G0644535	<0.01	0.27	0.31	740556	<0.01	0.65	0.54
FL-07-378	217.62	218.43	G0644536	<0.01	0.08	0.22	740557	0.01	0.33	1.68
FL-07-378	218.43	219.93	G0644537	<0.01	0.11	0.14	740558	<0.01	0.17	0.33
FL-07-378	219.93	221.4	G0644538	<0.01	0.25	1.22	740559	<0.01	0.2	0.99
FL-07-378	221.4	222.8	G0644539	<0.01	0.49	1.13	740560	<0.01	0.38	2.1
FL-07-378	222.8	224.2	G0644540	<0.01	0.79	0.73	740561	<0.01	0.59	1.06
FL-07-374	251	252	G0644541	<0.01	0.15	0.74	739957	<0.01	0.07	0.55
FL-07-374	252	253	G0644542	<0.01	0.05	0.12	739958	<0.01	0.03	0.34
FL-07-374	253	254	G0644543	<0.01	0.47	0.57	739959	<0.01	0.06	0.45
FL-07-374	254	254.9	G0644544	<0.01	0.4	4.46	739960	<0.01	0.36	2.29
FL-07-374	254.9	255.8	G0644545	<0.01	0.25	1.6	739961	<0.01	0.73	1.84
FL-07-367	180.5	182	G0644546	<0.01	6.19	0.81	740053	<0.01	3.67	0.99
FL-07-367	182	183.49	G0644547	<0.01	2.41	1.54	740054	0.01	2.18	1.72
FL-07-367	183.49	185	G0644548	<0.01	0.75	1.03	740055	<0.01	0.37	0.81
FL-07-367	185	186.6	G0644549	<0.01	0.57	0.99	740056	<0.01	0.43	0.88
FL-07-368	154.08	155.32	G0644550	<0.01	2.35	0.63	739529	0.02	1.58	9.08
FL-07-368	155.32	156.7	G0644651	<0.01	0.7	1.41	739530	<0.01	0.92	1.36
FL-07-368	156.7	158	G0644652	<0.01	0.06	0.1	739531	<0.01	0.08	0.14
FL-07-368	158	159.5	G0644653	<0.01	0.57	0.87	739532	<0.01	0.66	1.11
FL-07-368	159.5	161	G0644654	<0.01	0.24	0.37	739533	<0.01	0.32	0.42
FL-07-368	161	161.84	G0644655	0.22	<0.01	0.03	739534	0.01	1.02	1.35
FL-07-368	161.84	164	G0644656	<0.01	0.64	0.34	739535	<0.01	0.25	0.29
FL-07-368	164	165.89	G0644657	<0.01	9.87	4.43	739536	0.01	6.43	17.36
FL-07-368	165.89	167	G0644658	<0.01	0.9	3.63	739537	<0.01	0.34	0.22
FL-07-368	167	168.5	G0644659	<0.01	0.09	0.41	739538	<0.01	0.82	3.02
FL-07-368	168.5	170	G0644660	<0.01	0.15	0.27	739585	<0.01	0.15	0.23
FL-07-368	170	171	G0644661	<0.01	0.84	0.97	739539	<0.01	0.62	2.42
FL-07-371	149	150.83	G0645001	<0.01	0.11	0.27	739642	<0.01	0.4	0.37
FL-07-371	150.83	151.66	G0645002	<0.01	3.48	2.34	739643	0.03	1.3	2.12
FL-07-371	151.66	153.65	G0645003	<0.01	0.03	0.06	739644	<0.01	1.45	0.25

The results are displayed in g/t and % from their original values and show reasonable agreement considering the expected heterogeneity in results for drill core duplicate samples being analyzed for precious metals. Based upon the analytical certificate, SGS used in-house standards, which passed appropriately for this batch. The 2013 analyses show some variation with Pd values on average higher than the reported historical results while 2013 Pt values are lower in comparison to the historical results.

2015 Exploration Program

For this program, coarse quartz blanks plus Oreas 206 Au and Oreas 13b Ni-Cu-Pt-Pd-Zn-Au standards were inserted with the submitted litho-geochemistry samples for check analysis. In summary, the four blanks all returned values of <1ppb Au, <1ppb Pd, <10ppb Pt and <1-1 ppm Ag.

The Oreas 206 (Ore research & Exploration 2012) Au standard reports a certified fire assay value of 2.197 ppm with 95% confidence (2 standard deviations) limits of 2.165 to 2.229 ppm. Two insertions of this standard returned values of 2,070 and 2,180 ppb Au.

The Oreas 13b (Ore research & Exploration 2009) standard reports certified values for multiple elements 2,327+-96 ppm Cu at 95% confidence, 2,247+-310 ppm Ni at 95% confidence, 134+-8 ppb Pd at 95% confidence, 204+-26 ppb Pt at 95% confidence, 201+-14 ppb Au at 95% confidence, and 133+-24 ppm Zn at 95% confidence. Three insertions of this standard returned values of 2,280, 2,280 and 2,430 ppm Cu; 2,250, 2,300, 2,340 ppm Ni; 114, 120 and 131 ppb Pd; 180, 190 and 220 ppb Pt; 188, 197 and 234 ppb Au; and 136, 142 and 154 ppm Zn.

Some of the results of the standards analyses reported to be marginally outside the 95% confidence limits for Au and Pd with a tendency to under report values but the results are reasonable for reconnaissance exploration stage samples. SGS used inhouse standards for the analyses which passed adequately for these batches.

2018 Exploration Program

The inserted in this batch CRFM – 100 standard reports certified fire assay values of 0.1666 ppm for Au with 95% confidence (2 standard deviations) limits of 0.1512 to 0.1820 ppm; plus 4-acid digestion certified values of 0.3494% Cu with 95% confidence limits of 0.3230 to 0.3758%; 0.2985% Ni with 95% confidence limits of 0.2681 to 0.3289%; and 0.0184% Co with 95% confidence limits of 0.0162 to 0.0206%. The insertion of the standard returned a value of 0.186 ppm Au, 3,560 ppm Cu, 2,890 ppm Ni and 186 ppm Co.

The Oreas 206 (Ore research & Exploration 2012) Au standard reports a certified fire assay value of 2.197 ppm with 95% confidence limits of 2.165 to 2.229 ppm. The insertion of the standard returned a value of 2.32 ppm Au. The CRFM standard analyzed within the certified value limits for Cu, Ni and Co but was marginally higher than the 95% confidence limit for Au. The Oreas 206 standard analysis was also marginally higher than the 95% confidence limit for Au. The analyzed quartz blank reported <0.001 g/t for Au, 2.2 ppm for Cu, 4 ppm for Ni and 1.7 ppm Co. The results are considered reasonable for reconnaissance exploration stage samples. AGAT used inhouse standards which passed adequately for this batch.

2013 SITE VISIT

Between July 29 – August 12, 2013, The Ferguson Lake Property and camp was visited by the Author while the camp was open. During the site visit, the camp and its equipment was inspected and the two storage sites of historical core on the Property were visited. Near all of the boxes were properly cross-piled with lids covering the core and metal tags intact allowing for the identification of most of the core as far back as 2004. Multiple mineralized drill core intersections were identified and sampled on-site as discussed under "*2013 Work Program*".

Twelve selected historic drill hole sites were visited in the field with the purpose of checking their locations. Drill hole locations with casing still intact were confirmed for most as listed in Table 12-2.

Table 12-2 Identified drill collars in field in UTM NAD83Zone 14 coordinates

Hole	Easting	Northing	Comments
FL11-432	601650	6972775	tagged
FL04-174	601300	6972575	tagged
FL02-137	601975	6972875	no tag
FL04-195	605120	6972970	tagged
FL05-220	605150	6972990	tagged, poor condition for re-enter
FL04-179	605060	6972965	tagged
FL04-183	605220	6972975	tagged
FL02-133	604750	6973150	no tag
FL01-081	604610	6973300	no tag
FL01-085	604610	6973300	identification not confirmed FL01-083?
FL00-033	604995	6973075	no tag
FL02-131			not found

Based upon the site visit, pulp duplicates of selected samples from the core samples in Table 12-1 which had been analyzed by SGS were sent to the ALS Minerals laboratory in Vancouver (ALS) in September 2013 for independent check analyses. AlS completed fire assay with ICP finish for Pt, Pd and Au and four acid ICP-AES multi-element analyses for the pulps. Based upon the analytical certificates, SGS Laboratories and ALS used in-house standards, which passed for the batch. The comparative analyses for the two laboratories are presented in their reported units in Table 12-3.

Table 12-3 Comparative pulp duplicate analyses of selected drill core samples

Drill Hole	From (m)	To (m)	SGS Lakefield 2013 analyses sample #s	Pt g/t	Pd g/t	Ni %	Cu %	Co %
FL07-375	177.58	179	G0644510	2.04	3.93	0.046	0.024	0.008
FL07-374	171.68	173	G0644514	2.84	6.68	0.023	0.017	0.006
FL07-374	177.24	178.74	G0644516	10.5	2.28	0.032	0.025	0.006
FL07-374	181.48	182.92	G0644519	1.05	10.1	0.130	0.036	0.022
FL07-380	158	159.5	G0644526	0.68	5.56	0.026	0.009	0.004
FL07-379	149.7	150.74	G0644529	0.61	0.33	0.025	0.120	0.003
FL07-367	180.5	182	G0644546	6.19	0.81	0.024	0.005	0.005
FL07-367	182	183.49	G0644547	2.41	1.54	0.034	0.012	0.005
FL07-368	164	165.89	G0644657	9.87	4.43	0.029	0.014	0.005

Drill Hole	From (m)	To (m)	ALS Vancouver 2013 pulp duplicate analyses	Pt g/t	Pd g/t	Ni %	Cu %	Co %
FL07-375	177.58	179	G0644510	2.55	4.88	0.054	0.024	0.01
FL07-374	171.68	173	G0644514	2.91	6.94	0.027	0.017	0.007
FL07-374	177.24	178.74	G0644516	10.9	2.43	0.041	0.026	0.008
FL07-374	181.48	182.92	G0644519	1.19	11.1	0.160	0.036	0.027
FL07-380	158	159.5	G0644526	0.64	6.61	0.032	0.009	0.005
FL07-379	149.7	150.74	G0644529	0.70	0.37	0.029	0.120	0.004
FL07-367	180.5	182	G0644546	7.19	0.88	0.027	0.006	0.006
FL07-367	182	183.49	G0644547	2.57	1.59	0.040	0.012	0.006
FL07-368	164	165.89	G0644657	9.83	4.93	0.032	0.013	0.005

The results in the Table12-3 are displayed in g/t and % from their original values and indicated the good agreement based upon the pulp duplicate analyses between the primary analytical laboratory, SGS Mineral Services Lakefield and the ALS Minerals secondary analytical laboratory. It is the QP's opinion that the analytical results are adequate for the purposes of the Technical Report.

2021 SITE VISIT

The camp was re-opened on June 21, 2021 during which a site visit completed by the author and QP confirmed that there had been no material change to the condition of the project infrastructure and property since 2013. The QP worked during June and July of that year, on request by the issuer after the camp re-opening, to facilitate the implementation of the 2021 exploration program recommended in the Technical Report.

Mineral Processing and Metallurgical Testing

Based upon the Corporation's review of the Starfield testing history and the 2011 RPA PEA, it was concluded that a new approach was needed to economically process the Ferguson Lake mineralized material. The following sections outline the testing programs completed to-date by the Corporation to work towards this goal.

2013 - 2014 Testing Programs

Consistent with the present change of focus to the study of the PGMs potential of the Ferguson Lake Property the goal of this testing program, conducted by SGS Mineral Services at Lakefield, Ontario, was to produce at a bench level a PGM bearing concentrate from the secondary (final) residue material that had been created from the development of downstream unit processes (Ni, Cu, and Co) from the hydrometallurgical testing program for Starfield described in the RPA PEA (Clow et al. 2011) and SGS Mineral Services (2011) reports. Based upon the RPA PEA, PGE surveys completed on the streams of Starfield previous testing program, it was suggested that platinum, palladium and to a lesser extent Au, Ag and Rh remain in the final residue material. Approximately four kilograms of this material was stored at the Lakefield facility and made available for this work.

As part of this program, the mineral composition of the final residue material was analyzed by scanning electron microscope at the SGS Lakefield facility with the results reported in Morton and Grammatikopoulos (2013). It was found the residue material is dominated by elemental sulphur (67.9%), pyrite (14.1%) with lesser pyrrhotite (5.1%), quartz (4.1%), talc (2.2%), olivine (1.5%), mica/clays (1.2%), chalcopyrite (1.0%), and pentlandite (0.3%). Platinum Group Metals (PGM) and gold were detected with reported grades of 13.2 g/t Pd, 1.0 g/t Pt, 0.16 g/t Rh and 0.4 g/t Au. The dominant identified PGM minerals were Kotulskite (Pd [Te, Bi], 62.3%) and Michenerite ([Pd, Pt] Bi, Te, 31.2%). Near all (95%) of the PGM grains were found to be below 10 um and near half below 2 um in size with about 97% of the grains free or attached to sulphides/silicates, the remainder being locked in sulphides. This means the grains were found to be too fine for physical upgrading but were dominantly available to react with chemicals.

The goal of testing program required the extraction of unwanted elements from the final residue thus concentrating the PGE-base metal rich material to such an extent so as to create a saleable product for a precious metal refinery. The SGS Lakefield metallurgical group proposed a series of tests using predominately its patent Platsol process which a high temperature (>200C) pressure leaching autoclave technology in which base metal sulphides are oxidized to soluble metal sulphate complexes and sulphuric acid, while PGMs are solubilized as chloro-complexes by the addition of chloride salt to the autoclave feed. PGMs and other precious metals could then be recovered by precipitation with sulphide ions. A number of other bench level tests were completed involving the extraction of unwanted elemental sulphur / sulphide from the final residue.

The testing program is reported in detail in Lupu and Verbaan (2013). Based upon the results, the sulphur removal tests were successful increasing the Pd grade of the product to 47 g/t prior to the implementation of the Platsol tests. The sulphur removed product then underwent Platsol testing resulting in 98% or greater Pd, Pt, Au, Cu, and Ni being extracted from the residue into solution or liquor tenors. A series of pressure oxidation tests, also completed by SGS, were less successful leaving some of the PGMs still un-dissolved in the residue material.

Due to the limited quantity of final residue material available for testing the quantity of precipitate generated from the liquors was not sufficient to produce a large enough mass of PGM concentrate to assay. However, proof of concept tests using a similar, but seeded higher grade solution, indicated that 98% of the Pd and 96% of the Pt, brought into solution in the Platsol tests (Table 13-1), is cemented upon CuS precipitated from the liquor to produce a PGM-Cu-Ni concentrate from the residue grading 48.2% Cu, 0.11% Ni, 46% S, 583 g/t Pd, 78 g/t Pt, 214 g/t Ag and 5 g/t Au (Lupu and Verbaan 2013). It is believed from the test results that further testing with longer cycling periods of CuS within the liquor will result in a significant increase of cementation and thus the PGM grade of the concentrate.

Element recovery from the residue are estimated by mass-balance calculations based upon the grade of the feed material, amount of PGMS solubilized and amount of remaining PGMs in solution after precipitation. The results in Table 13-1 indicate that the recovery of Pt, Pd, Cu, and Ni into solution using the Platsol autoclave was near 100% from the residue material. Preliminary precipitation tests created a copper precipitate grading 48.2% Cu, 0.11% Ni, 4.81 g/t Au, 214 g/t Ag, 78.3 g/t Pt and 583 g/t Pd, however, more tests are needed to increase this grade.
These results have resulted in an increase in the overall recovery of Cu and Co in comparison to that in the RPA PEA (Clow et al. 2011) and facilitate for the first time an estimate of overall Pd and Pt recoveries from the Ni-Cu-Co-Pd-Pt resource.

In 2014, a desktop review was completed of reports that have been produced on behalf of Starfield for the Ferguson Lake Project since 2001. The report summarized key mineralogical and metallurgical findings of technical papers prepared by several independent laboratories that have worked on the Property mineralized material. (Oliver 2014).

2015 - 2016 Testing Programs

Based upon the 2014 literature review, a 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 the majority of the copper value into a copper concentrate and the balance of the pay-metals into a bulk Cu/Ni concentrate. The lower-grade bulk copper, nickel, and PGM concentrate would then be subjected to hydrometallurgical processing. The proposed baseline flowsheet was depicted in Figure 13-1.

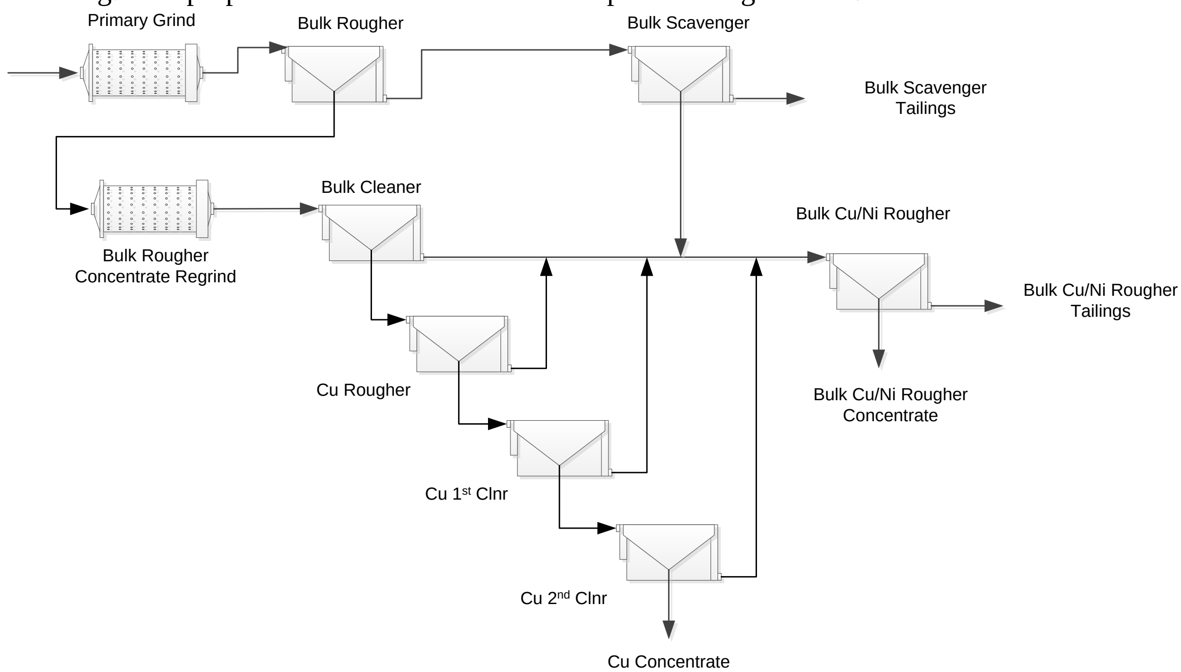


Figure 13-1: Ferguson Lake composites flotation testing baseline flowsheet for Cu and bulk concentrate

Representative head samples of the two composites were submitted for chemical analysis and the pertinent results are presented in Table 13-1.

Table 13-1: Results of chemical analysis of the two Ferguson Lake composites used for testing

Composite	**Cu (%)**	**Ni (%)**	**NiS (%)**	**S (%)**	**Au (g/t)**	**Pt (g/t)**	**Pd (%)**
May 15, 2016	2.35	0.67	0.64	29.3	0.09	0.23	1.96
Oct 15, 2016	0.86	0.96	0.91	31.5	0.04	0.18	1.88

A series of comminution tests were carried out to establish the crushing and grinding energy requirements of the massive sulphide mineralization for which the results place the Ferguson Lake material into the very soft category with regards to grinding energy requirements and the medium category with regards to crushing energy requirements.

A total of five rougher kinetics tests were carried out to establish suitable grinding and flotation conditions that maximize copper and nickel extraction, while minimizing mass recovery in the bulk rougher and bulk scavenger concentrates. The bulk rougher conditions were chosen to maximize copper recovery while maintaining selectivity against pentlandite flotation. The best results for the May 15 composite were obtained in test F4 with a copper and nickel recovery of 96.9% and 43.9%, respectively.

The program included cleaner tests on the two composites. The original composite was evaluated in tests F6 to F9, while a new fresh composite was chosen for tests F10 to F13. While the copper flotation performance was good for the May 15 composite, the nickel recovery fell below expectations. It was postulated that the material was partially oxidized. The October 2015 composite produced a much better flotation response. The copper concentrate in test F10 graded 32.3% copper with 1.46% nickel. The recovery into the copper concentrate was 63.5% and only 2.7% of the nickel reported into this concentrate.

The overall recovery of copper and nickel into the two concentrates in tests F10 and F11 was identical at 99% copper and 87% nickel in 57% of the mass. The bulk Cu/Ni concentrate of test F10 contained 35.7% of the copper and 84.6% of the nickel at a grade of 1.99% copper + nickel and 36.7% sulphur. The metal recovery into this bulk concentrate was 35.7% for copper and 84.6% for nickel. More aggressive copper cleaning circuit conditions in test F11 produced a copper concentrate containing 85.1% of the copper along with 6.1% of the nickel. The copper recovery was slightly higher than targeted and as a result produced the elevated nickel recoveries. However, looking at the combined results of tests F10 and F11, a copper concentrate grading ~31% copper at 75% overall copper recovery can be achieved. The associated Ni grade will be approximately 1.75% nickel at approximately 4.5% nickel recovery.

Cu/Ni separation in the lab is more challenging than in the plant and the full-scale operation generally outperforms the lab data. Hence, a slightly lower nickel grade of 1.0-1.5% nickel may be possible. Also, if the use of cyanide is considered, the Ni content could be reduced further.

The bulk Cu/Ni concentrate of test F11 contained 14.0% of the copper and 81.2% of the nickel units at a combined grade of 1.58% copper + nickel. The grade was lower compared to test F10 at 2.08% copper + nickel, but this difference was primarily driven by the lower copper concentration in the copper rougher tailings.

After consideration of the treatment costs for a low-grade bulk Cu/Ni concentrate by means of Platsol it became apparent that the processing costs were significantly higher than the contained metal values. Hence, an alternative flowsheet option was evaluated in the last two tests F12 and F13. The bulk scavenger circuit was eliminated, and the bulk rougher flotation time was extended by 50%. All tailings products from the copper cleaning circuit were combined to form the higher-grade bulk Cu/Ni concentrate for direct marketing or Platsol processing. An updated flowsheet was proposed as depicted in Figure 13.2.

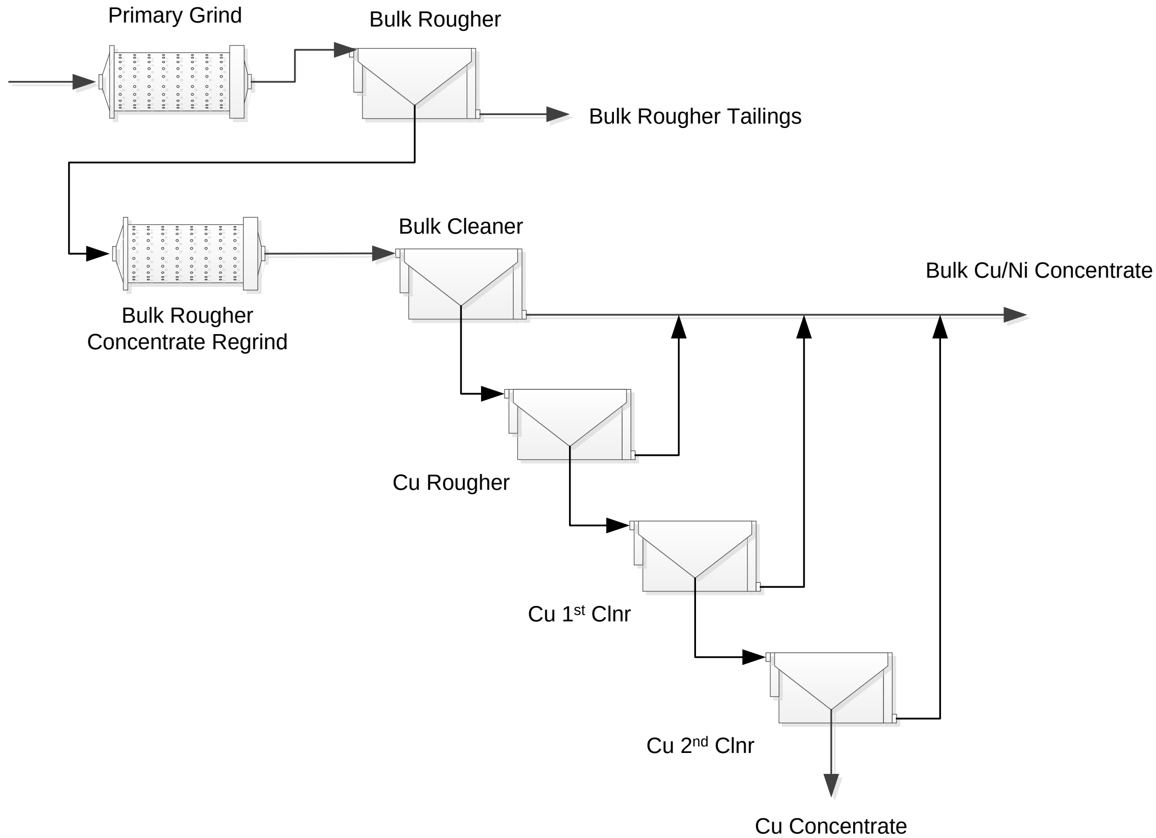


Figure 13-2: Updated flowsheet used for creation of Cu and bulk concentrates for tests F12 and F13.

The Cu concentrate of test F12 contained 70% of the copper and 4.5% of the nickel at a grade of 30.9% copper. The bulk Cu/Ni concentrate graded 1.63% copper and 3.68% nickel at 27% copper recovery and 56.1% nickel recovery. The global copper and nickel recovery reported 98% and 60.6%, respectively, which was slightly better than the ~50% nickel recovery that was anticipated. The bulk cleaner tailings were subjected to magnetic separation to reject monoclinic pyrrhotite, but high metal losses render this approach non-viable.

The final flotation test F13 employed slightly more selective conditions in the bulk rougher and incorporated a pyrrhotite rejection stage with pH control at pH 10.2-10.5 on the bulk cleaner tails. The more selective bulk rougher conditions resulted in significantly higher nickel losses to the bulk rougher tailings of 55.8% compared to 39.4% in test F12. Although nickel rejection into the Cu 2nd cleaner concentrate was effective with a grade of 0.62% nickel, the copper recovery into the copper concentrate was low at 52.8%. The copper rougher concentrate contained 62.6% of the copper units, but the nickel content also increased to 1.89% nickel. Hence, the bulk rougher and copper circuit conditions of test F12 were superior.

The pyrrhotite rejection circuit produced a final concentrate grading 19.7% copper + nickel but resulted in additional copper and nickel losses of 2.2% and 18.4%, respectively. The combined copper rougher and bulk cleaner tailings yielded a grade of 10.1% copper + nickel and 34.0% sulphur, which is sufficiently high to market the concentrate directly or to render the Platsol process an economically viable option.

The palladium and cobalt recovery into the two concentrate streams of test F13 was approximately 75% and 55%, which was in line with expectations. Projected gold and platinum recovery into the two concentrates was approximately 55% and 30%, respectively. For comparison purposes, the PGM and cobalt recoveries for test F11, which employed the original flowsheet including the bulk scavenger circuit, were significantly higher given the lower grade of the feed for the hydrometallurgical circuit. The gold, platinum and cobalt recovery was approximately 90% and the palladium recovery was even higher at almost 96%.

A mineralogical analysis of the bulk scavenger tailings of test F6 determined that nickel deportment in to pentlandite was approximately 50%. The balance was found in solid solution in pyrrhotite (47%) and low concentrations in various non-sulphide gangue minerals. The nickel content in pyrrhotite was low at 0.35%, but the large amount of pyrrhotite in the sample led to the high nickel losses. Only 8.7% of the pentlandite was liberated and approximately 69% of the pentlandite occurred as binaries with iron sulphides. The D_{50} midpoint of the pentlandite particles was 20 microns.

Two Platsol tests that were carried out on the low-grade bulk Cu/Ni concentrate of test F11 produced high extraction rates for copper and nickel ranging between 92 and 98%. Approximately 90% of the contained cobalt and platinum was also recovered into the leach solution. Extraction rates for gold varied between 59 to 76%, while palladium was even more variable between 26% in test P1 and 80% in test P2. The metal accountability was poor for most PGMs including gold, which was attributed to the low grades and assay results close to the analytical detection limit.

The validation and optimization program identified two possible flowsheet alternatives which are outlined below:

- 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% of PGMs as shown in the material from the F10 and F11 tests. The low-grade bulk concentrate will require further upgrading in a hydrometallurgical circuit. The downside of this processing approach is high capital and operating costs to achieve the high recoveries and to extract the metals from the bulk concentrate.

- The second updated flowsheet, which was demonstrated in tests F12 and F13 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% PGMs. The significant advantage of this flowsheet option is the much lower capital and operating costs. It would also be possible to commence the project with the second option (flotation only) to generate cash flow and then add the required additional flotation equipment and a hydrometallurgical process at a later stage to convert the plant into first flowsheet option.

The following recommendations were suggested by SGS for future testing:

- Comminution testing was carried out on a single massive sulphide sample only, which yielded low grinding energy requirements. It is expected that the mill feed will contain some degree of non-sulphide gangue dilution either in form of semi-massive ore, waste dilution and/or even low sulphide ore richer in PGMs. Additional comminution tests should be carried out to ensure proper sizing of the crushing and grinding equipment.

- The two massive sulphide samples that have been evaluated in this test program yielded significant differences in copper and nickel head grades. In order to validate the proposed flowsheet, a composite representing the resource average should be subjected to the flowsheet and conditions established in test F12 and F13. This composite could also be used to optimize the flotation conditions and develop grade recovery curves for the copper and bulk Cu/Ni circuits.

- Due to the noted variability between massive sulphide samples, a range of variability composites (domains, spatial, and mine life composites) should be subjected to variability testing. This will ensure that the proposed circuit is robust enough to treat any potential mill feed during the project life.

- Develop a model that evaluates grade targets for the bulk Cu/Ni concentrate as a function of metal prices and hydrometallurgical processing costs. As cost and prices vary, the most economic concentrate grade feeding the hydrometallurgical process will vary as well. The flexibility to achieve specific grade targets can be incorporate into optimization program using an average composite.

- Platsol testing was completed on the low-grade bulk Cu/Ni concentrate only and not of the higher-grade concentrate that was obtained in tests F12 and F13. In order to confirm that high extraction rates can be achieved for the higher-grade bulk composite and to produce a more robust mass balance, additional Platsol tests are recommended.

Mineral Resource Estimates

No 43-101 compliant resource estimation has been completed by the Corporation.

Adjacent Properties

Most of the exploration and development work undertaken in the immediate region has been for uranium. The Orano Canada Inc. (formerly AREVA Resources Canada Inc.) Kiggavik U and Cameco Ltd. Aberdeen U projects are located 80 and 100 kilometres west of Baker Lake, respectively. ValOre Metals (formerly Kivalliq Energy Corp.) holds the Angilak U Property which is the closest property located approximately 50 kilometres west of Ferguson Lake and 200 kilometres southwest of Baker Lake. All three projects are on hold.

The Agnico Eagle Meadowbank-Amaruq Au Mine is located approximately120 kilometres north of Baker Lake and its newly producing Meliadine Au Mine is located 30 km north of Rankin Inlet. Past mining operations in this part of Nunavut include the Cullaton Lake gold mine, located to the south of the Ferguson Lake area; and the North Rankin Nickel Mines Ltd. underground mine (within the present community of Rankin Inlet), which operated between 1957 and 1962. This mine produced 460,000 tons with recovered grades of 2.1% nickel and 0.6% copper from sulphide mineralization consisting of pentlandite, chalcopyrite, pyrrhotite and pyrite from near the base of a serpentinized pyroxenite sill intruding Archean metavolcanic rocks.
Figure 15-1 shows the locations of significant mining and development projects in Nunavut and adjacent areas in the North.

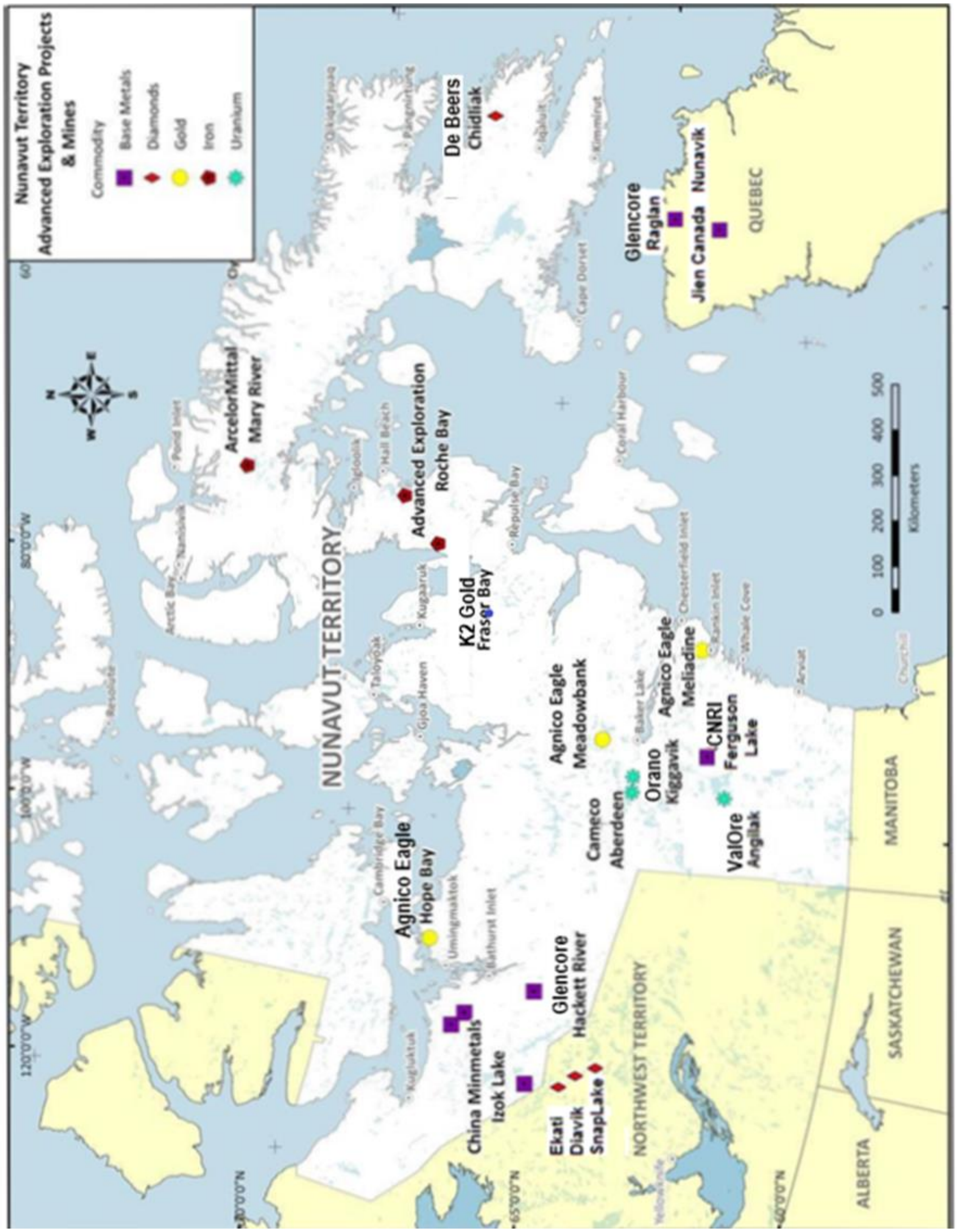


Figure 15-1 Mines and advanced development projects in north-eastern Canada

Other Relevant Data and Information

No additional information or explanation is necessary to make this technical report more understandable.

Interpretation and Conclusions

The Author reviewed the results of the exploration and development work completed to-date for the Ferguson Lake Project and concludes that this is a Property of Merit.
Extensive diamond drilling on the Ferguson Lake Property has intersected copper, nickel, cobalt, palladium and platinum values associated with fracture-filling, disseminated and semi-massive to massive sulphides over an east-west strike length of more than 12 km. The three drill-delineated principal mineral zones within this overall strike length are the East, West, and West Extension Zones, and includes the surface exposed West Zone ("West Pit Area") (Figures 7.3 and 9.3). The diamond drilling has provided necessary information for a detailed estimate of the grade and tonnages of the present historic mineral resources at Ferguson Lake. Better Cu-Ni-Co-Pd-Pt grades are invariably associated with semi-massive and massive sulphide lenses within all these zones.

The principal mineral zones are associated with a north-dipping, sill-like, medium- to coarse-grained gabbro unit (also referred to as hornblendite in drill logs) thought to have been derived from an original mafic magma. The more mafic and coarser-grained varieties of this unit consist of interlocking hornblende crystals after original pyroxene.

Geological studies (Miller 2005a and b) suggest that the gabbro may be part of a layered intrusion while other reviews suggest some of the gabbro is intruded as a series of separate smaller later domal bodies along the favorable amphibolitic horizon serving a conduits for the upwelling and emplacement of intermittently thick high-grade pods of magmatic sulphides (Yang 2018). This latter interpretation is consistent with the highly variable thickness and grade of the deposit ranging from <2 to >20 metres thick along its 12 km strike length. Further exploration should focus on further testing these thicker massive sulphide pods.

The ages of host intrusions and horizon rocks are imprecisely known, with some suggestions that they may be Archean, and it is logged that at least some of the hornblendite and amphibolite and the contained sulphide mineralization are intensely deformed. More study including a detailed age dating research program is needed to better understand the metallogenesis of the deposit and area.

The detailed drilling in the West Zone to define a near surface sulphide resource was also successful in identifying a separate style of low sulphide platinum group element mineralization in footwall gabbro up to >100 metres below the sulphide horizons. Broadly distributed, low palladium values envelope discontinuous, locally high-grade platinum and palladium within a zone traced by drilling to date over a strike length of hundreds of metres and associated with cross-cutting steeply dipping gabbro dykes. Further investigation of this low sulphide - PGM style of mineralization is warranted.

Exploration work focused on the massive sulphide portions of the deposit, with early work by Canico in the 1950s sampling only for nickel and copper. Resource estimates for the East Zone lack cobalt and precious metal grade estimates, as a high proportion of the drilling in the zone was completed in the early programs.

No resource delineation has been attempted for the incipient Central Zone located between the West and East zones under Ferguson Lake (Figures 6.3 and 9.3), despite early successes in exploration drilling intersecting excellent base and precious metal grades over mineable widths. Considerable detailed drilling is needed for both the Central and East zones in order to upgrade them to mineral resources on par with the West Zone and include them in any economic evaluation of the Ferguson Lake Property.

Review of the geochemical composition of the magmatic rocks along the Ferguson lake horizon suggests that wider and higher-grade Ni and Cu intersections may also be associated with higher Mg contents and more pyroxenite compositions of the host rocks in the Central and West zones.

This has resulted in the identification of favorable target areas for focused follow-up drilling.

The need for a economic re-assessment of the Ni-Cu-Co-Pd-Pt mineralized zones outlined to-date combined with the decrease in Ni and Cu prices since 2011 has resulted in a downgrade of the value of the Property back to that of the level of an exploration level venture.

Previous work on the Ferguson Lake Property however, paid relatively little attention to the PGM potential in the economic evaluation of the project. Including the PGM values not only increases the value of the massive sulphide material but also increases their potentially economic mineable widths because significant Pd and Pt contents commonly persist into the immediate wall rocks as the base metal contents drop. Based upon the exploration results to-date cumulating the review of the deposit model and database discussed in this report, including the PGM value of the project should be the primary focus in its advancement.

Based upon the exploration work completed to-date on the Property, including close examination of the deposit model of the Ferguson Lake mineralized zones, it is concluded the West, Central and East mineralized zones remain open for expansion down-plunge to the west, along strike to the east under Ferguson Lake and down dip at multiple locations along its 12 km mineralized horizon.

This review of the Ferguson Lake Project confirms its considerable metalliferous economic potential, but also shows the need for an alternative approach to its management focusing on increasing the amount of exploration with the purpose of building up the tonnage and grade throughout the deposit area focusing on its Pt and Pd potential.

Based upon this Author’s experience, the Kivalliq Inuit Association (KIA) which holds the surface rights to much of the Property area is reasonably well organized with the staff having good continuity, knowledge of the regulatory process, and an understanding and respect of the needs of the mining community.

Recommendations

Based upon this technical review, the following recommendations are proposed for the Ferguson Lake Property.

1) Complete an updated Independent 43-101 compliant Resource Estimation of the Ferguson Lake mineralized zones for Ni, Cu, Co, Pd and Pt utilizing a Pd+ Pd cut-off grade.

2) Complete an infill and possibly twinning diamond drilling program for the East Zone necessary to evaluate the previously un-assayed platinum, palladium and cobalt contents of the mineralized horizon most of which was last tested in the 1950s. Target depths would average 200 metres. The program would also aim towards defining an Indicated Resource similar to the West Zone.

3) Carry out a diamond drilling program of the Central Zone with the purpose of evaluating chosen exploration targets based upon geological, geophysical and geochemical criteria; and for defining an initial resource estimation for the zone. Target depths would average 250 metres.

4) Carry out diamond drilling program to test selected exploration targets for the definition of thicker high-grade sulphide bodies throughout the West Zone based upon the assessment of geological, geophysical and geochemical criteria. Targets depths would be variable ranging from 250 to 500 metres.

5) Reprocessing and re-interpretation of the original ground 1999 - 2001 UTEM survey data with focus of defining strike and dip of conductive bodies and definition of features associated with low sulphide PGM rich bodies. Compilation of the geophysical data with other exploration results into a 3-D exploration model as an aid for selecting exploration targets for drill testing

6) Complete drone magnetic survey over a missing block covering Central Zone in Ferguson Lake plus re-processing, integration and interpretation of previous magnetic surveys with this program results.

7) Completion of new borehole TDEM surveys on selected holes which would need to be conducted concurrent with the drilling (due to permafrost conditions resulting in hole blockages).

8) Prepare Ferguson Lake camp and site for operation of a major drilling and exploration program including repair / replacement of equipment and tanks, and re-supply of fuels (approximately 600 barrels or 90,000 litres). This would include the organization of winter overland transport supply trains for the camp and drilling program and the removal of waste materials.

The program would commence during the winter of 2021 and diamond drilling would continue throughout the year. The applications for appropriate permits started to be submitted in December 2020 for this work to commence in a timely manner. The camp was re-opened on June 21, 2021 during which a site visit completed by the QP confirmed that there had been no material change to the condition of the project infrastructure and property since 2013. The QP worked during June and July of that year, on request by the issuer after the camp re-opening, to facilitate the implementation of the 2021 exploration program recommended by the Technical Report.

PROPOSED BUDGET

Table 18-1 contains the recommended exploration and development budget for the Ferguson Lake Property for 2021.

Table 18-1. Recommended 2021 exploration and development budget.

Item	Amount	Units	Rate	$(CAN) Cost
PHASE 1				
Geological consulting, independent review and completion of 43-101 compliant Technical Report with updated Resources Estimation	250	Hours	200	50,000
Diamond drilling at the West, East, and Central zones including mob-demob, support and camp costs, helicopter and fixed wing transportation and analyses.	7,000	Metres	700	4,900.000
Geophysical consulting, reprocessing and re-interpretation of ground 1999-2001 UTEM survey data plus exploration 3-D modelling of geophysical and other data,	250	Hours	200	50,000
Drone airborne magnetic survey over missing blocks on Ferguson Lake including mob and demob and processing.	200	line-kms	250	50,000
Borehole TDEM surveys of selected drill holes including mob-demob and processing.	15	drill holes	10,000	150,000
Repair, preparation, replace and re-supply of Ferguson Lake camp with equipment and fuels.				600,000
Total				**5,800,000**

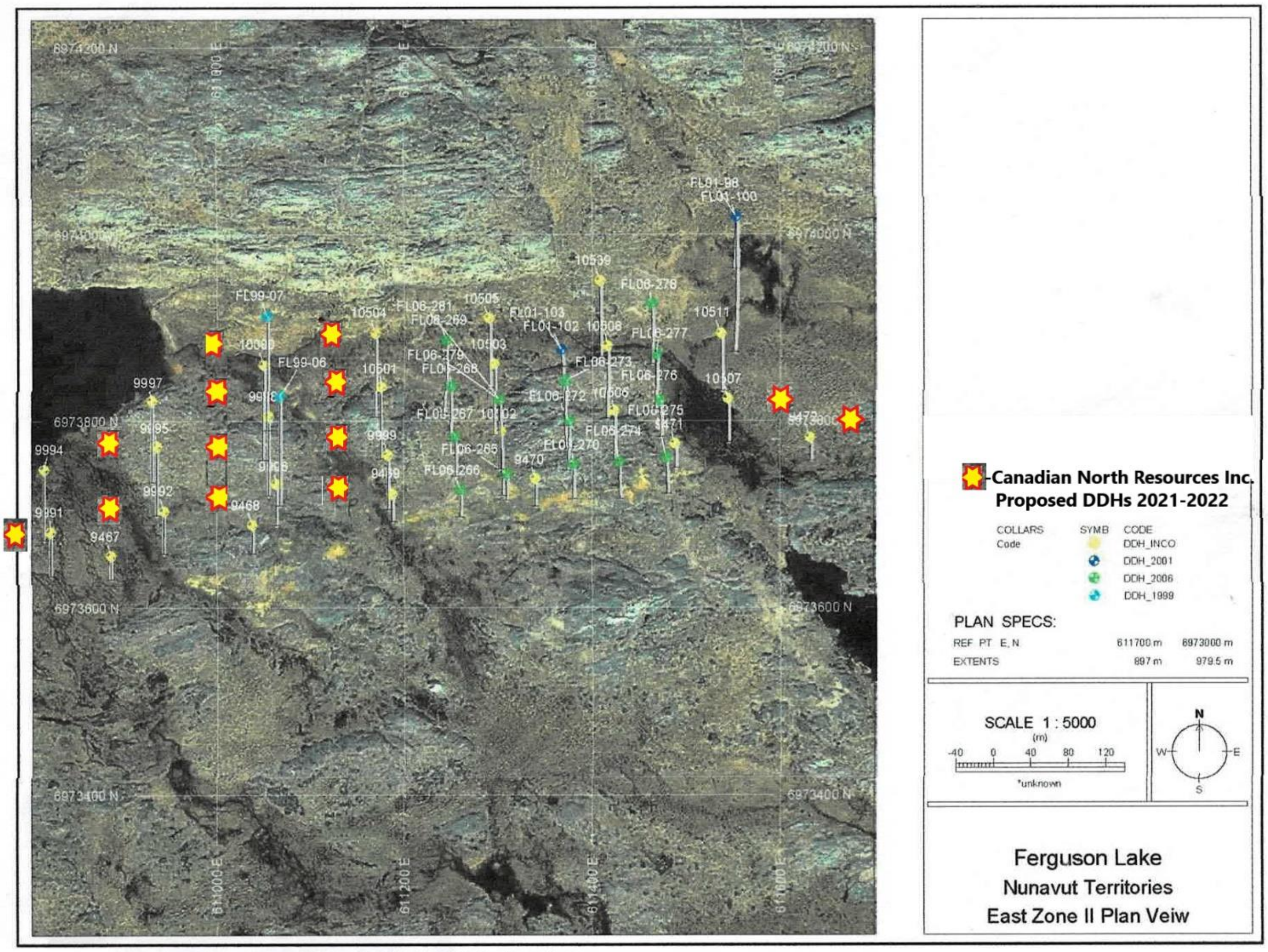
The bulk of the recommended exploration will focus on NQ diamond drill testing of the West, East and Central zones consisting of 20 to 30 holes with lengths of 100 to 500 metres which will commence during the summer of 2021. The purposes of the planned drilling are to extend the open zones down dip, better define the potentially open pit potential of the resource in the West and East Zones, upgrade the resource from Inferred to Indicated in the East Zone and parts of the West Zone and define an Inferred Resource for the Central Zone under Ferguson Lake. The targets are chosen based upon compilation and review of previous exploration within a created 3-D model of the mineralized zones. The drilling is expected to pause during late-fall to mid-winter then recommence in March 2022 in order to complete the recommended program.

The planned drill hole specifications and their collar locations for the Property are presented in Table 18-2 and Figures 18-1, 18-2 and 18-3. The locations of these zones to be tested along the Ferguson Lake mineralized horizon are shown in Figure 7-3.

Table 18-2. Planned diamond drill holes 2021-22.

DDH prop.	**DDH #**		**UTM NAD 83 cords**		**Location (with respect to historic holes)**	**Azimuth**	**Dip**	**Length**
			Northing	Easting		deg.	-deg.	m
					East Zone 2			
FL21-P1	FL21-442		6973720	611130	between DDHs 9469 and 9996	180	50	110
FL21-P2	FL21-443		6973770	611130	between DDHs 9999 and FL99-06	180	50	140
FL21-P3	FL21-444		6973830	611125	between DDHs FL99-06 and 10501	180	50	160
FL21-P4	FL21-445		6973890	611125	between DDHs 10000 and 10504	180	50	210

FL21-P5	FL21-446		6973700	611000	between DDHs 9992 and 9468	180	50	110
FL21-P6	FL21-447		6973760	611000	between DDHs 9995 and 9996	180	50	140
FL21-P7	FL21-448		6973820	611000	between DDs 9997 and 9998	180	50	160
FL21-P8	FL21-449		6973900	611000	between DDHs 10000 and 9997	180	50	210
FL21-P9	FL21-450		6973710	610880	between DDHs 9991 and 9992	180	50	110
FL21-P10	FL21-451		6973760	610880	between DDHs 9994 and 9995	180	50	140
FL21-P11	FL21-452		6973680	610780	50m W of DDH 9991	180	50	110
FL21-P12	FL21-453		6973820	611600	between DDHs 10507 and 9472	180	50	150
FL21-P13	FL21-454		6973800	611670	50m ENE of DDH 9472	180	50	110
FL21-P14	FL21-455		6974325	612425	400 m ENE along strike with East Zone	180	50	150
Total								2,010
					West Zone (Pit and Extension)			
FL21-P15	FL21-439		6973010	604200	60m W of DDHs FL00-41 and 40	180	60	300
FL21-P16	FL21-438		6973010	604320	50m E of DDHs FL00-41 and 40	180	60	300
FL21-P17	FL21-440		6973010	604090	60m W of DDH FL00-58	180	60	250
FL21-P18	Fl21-437		6973010	604570	Between 9970 and 9983	180	60	250
FL21-P19	Fl21-436		6973010	604450	70m E of DDHs FL00-37 and 38	180	60	250
FL21-P20	FL21-435		6972850	605040	60m E of DDH FL06-244	180	60	175
FL21-P22	FL21-434		6972900	605040	60m E of DDH FL06-245	180	60	225
FL21-P21	FL21-433		6973100	605450	80m N of FL03-157	180	55	400
Total								2,150



East Zone II Plan View (INCO and 1999-2006 Collar Locations, Starfield Resources)

Figure 18-1 Proposed and planned diamond drill holes East Zone

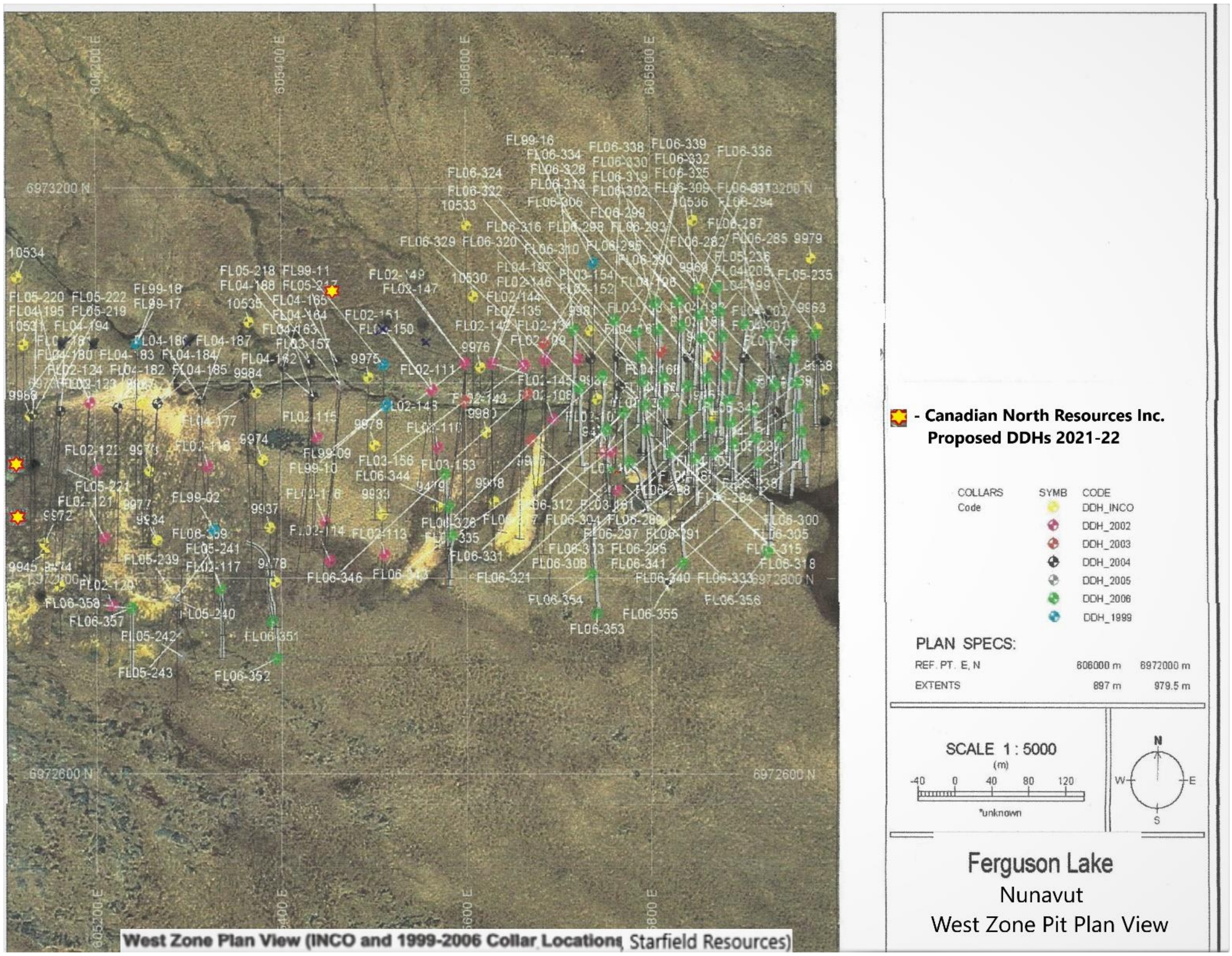
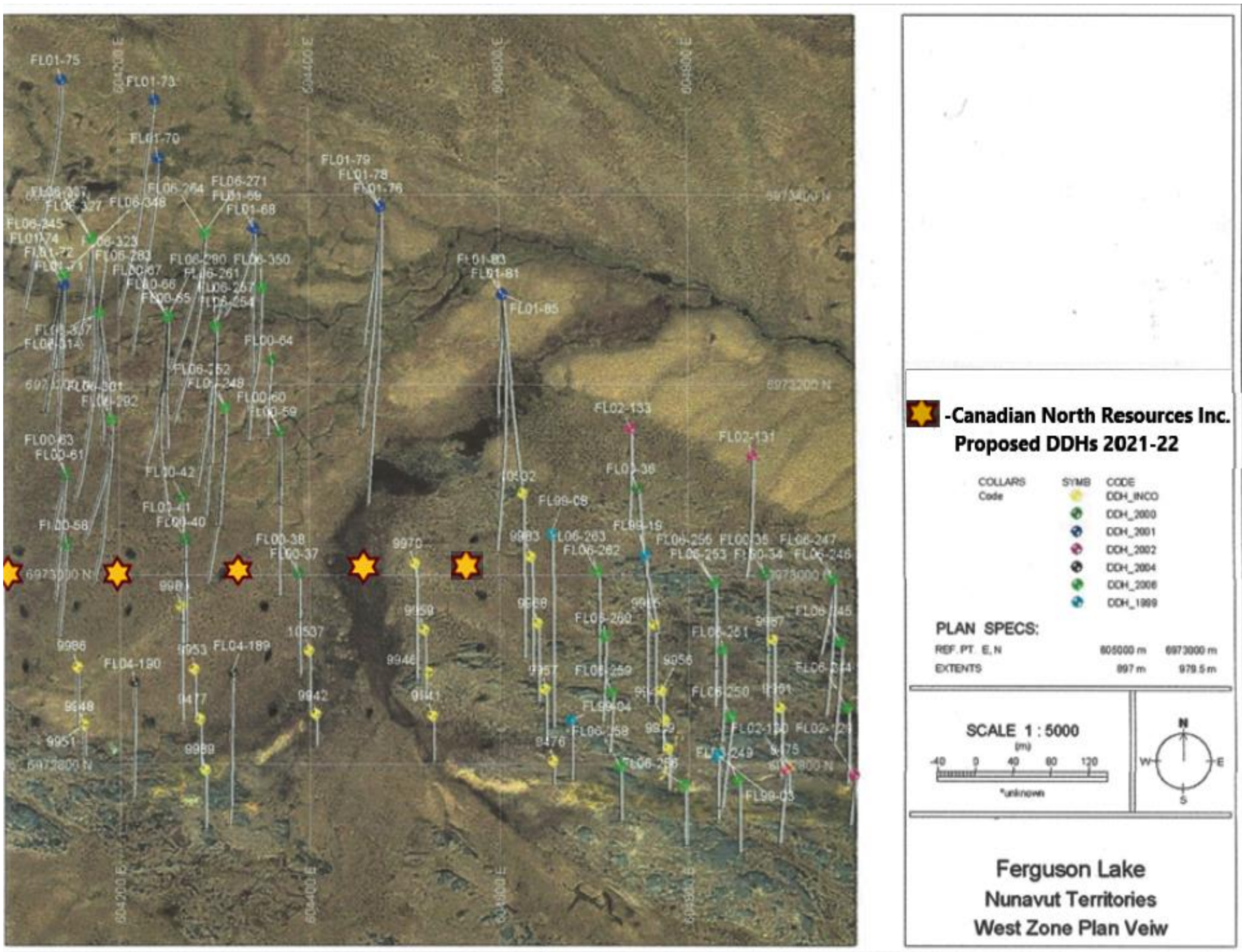


Figure 18-2 Proposed and planned diamond drill holes West Zone Pit



West Zone Plan View (INCO and 1999-2006 Collar Locations Starfield Resources)

Figure 18-3 Proposed and planned diamond drill holes West Zone (Extension)

Based upon the results of PHASE 1, the PHASE 2 program with a budget of $16,000,000 would entail the major follow-up drilling at the three mineralized zones totaling 15,000 metres with the purpose of upgrading the remaining Ferguson Lake Property resources which would be delineated in an updated 43-101 resource estimation and Technical Report.

Concurrent with this work would be the undertaking of continued baseline environmental studies, consultation with local communities in order to negotiate an impact benefit agreement, continued metallurgical testing work, bulk sampling, pilot open-pit mining and milling studies and upgrading of the site infrastructure. All this work would be part of the implementation of a Pre-Feasibility Study of the Project.

USE OF PROCEEDS

The gross proceeds to the Corporation from the sale of the Special Warrants was $2,223,698. Once the Special Warrants are converted to Common Shares, the net proceeds after deducting finder's fees of $29,840 and expenses of the offering of approximately $50,000, will be added to the working capital of the Corporation. The funds received by the Corporation upon the exercise of 771,698 stock options, will be added to the working capital of the Corporation.

USE OF FUNDS AVAILABLE

As at December 31, 2021, the Corporation had available working capital of $14,965,112. The primary business objectives and milestones that the Corporation hopes to achieve through use of these funds include completing the proposed exploration program as set out in the Technical Report. The anticipated use of the Corporation's estimated available funds, as well as the anticipated timelines for achieving certain business objectives in respect of such activities (where applicable), are set out in the table below:

Principal Purposes:	
Total funds available	$ 14,965,112 (1)
To pay the estimated cost of the recommended exploration program as outline in the Technical Report (2)	$ 5,800,000 (2)
Prospectus and listing costs	$ 250,000
Operating expenses for 18 months	$ 1,030,000 (3)
Unallocated working capital	$ 7,885,112 (4)
Estimated Total Funds Used:	$ 14,965,112 (5)

Notes:

(1) Does not include: (i) $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 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 future 18 months are compared with the expenses of the nine-month period of January 1 to September 30, 2021 and year 2020 (derived from the statements of net loss) as shown in the table below:

Items	18 months budget	Jan-Sept 2021	2020
Management fee (a)	108,000	155,667	36,000
Professional fees (b)	242,000	512,842	203,031
Office Rent (c)	36,000	18,000	24,000
Compensation for management and consultants (d)	524,000	-	-
Office and general (e)	120,000	49,068	15,876
Total	1,030,000	735,577	278,901

Estimated operating expenses for the next 18 months include the following (as shown on the table above):

(a) management fee ($108,000) payable to 835702 Ontario Ltd. which is owned by the Chairman. 835702 Ontario Ltd. provides and will continue to provide management services including the services of the Secretary and Treasurer of the Corporation, as well as the general administrative work of the head office. It received $39,000 management fee for the nine months of the current year. Management made several revisions to the budgeted amounts in response to the increased management fees and reduced compensation to the Chairman during past 6 months. In June, the management fee of $354,000 was budgeted based on the monthly management fee of $3,000 for 18 months and the monthly compensation payable to Chairman of $16,666 for 18 months. In July, the management fee of $408,000 was budgeted based on the monthly management fee of $6,000 (increased from $3,000) for 18 months and monthly compensation payable to Chairman of $16,666 for 18 months. In October, the previous budgeted amount of $408,000 management fee was reduced to $108,000 by deleting $300,000 budgeted as compensation payable to the Chairman.

There is no budgeted compensation payable to Chairman. The Chairman had received compensation of $116,667 via 835702 Ontario Ltd. from March to October 2021. The change of the compensation to the Chairman was made because the Chairman's roles had changed in the past 10 months. The Chairman was compensated for his leading roles in connecting with investors in relation to the Series 1 Private Placements from March to October 2021. The compensation to the Chairman was reduced, as the Corporation had closed its private placements by the end of October. The future compensation payable to the Chairman will be determined by the Board, depending on the needs of the Corporation.

Executive compensation was informally decided upon early 2021 based on the roles of the Chairman and the officers for the then near future. The Corporation is planning a board meeting next month in which a Compensation and Nominating Committee shall be appointed, and thereafter, the Compensation and Nominating Committee shall meet and determine recommendations for compensation to be paid to management members and/or directors including the Chairman. Any compensation paid to directors or management shall come first as a recommendation from the Committee to the Board, with a complete description of the associated responsibility and workload for each position. The Compensation and Nominating Committee will meet a minimum of twice annually or as required prior to their recommendations being submitted to the Board for Board approval. The Board will determine the compensation for the Chairman and the officers based on their roles and responsibilities, and the needs of the Corporation for the long-term development, in particular, the exploration and development of its mineral properties. The Board expects changes from time to time to the compensation for the Chairman and the officers, based on the contributions they make for the development of the Corporation and the exploration and development of its projects.

(b) The budget of professional fees includes the estimated cost for the legal and audit ($71,000) and investor relations ($171,000). For the nine months of 2021, the Corporation paid legal ($237,589), accounting and audit ($89,977) and consulting service ($185,276) mainly for the listing process. Those fees will be much lower after the Corporation completes its listing process.

(c) The office rent budget is payable to 1234778 Ontario Inc. which is owned by the Chairman, It received $18,000 as office rent for nine months of the current year and will receive $36,000 in the next 18 months.

(d) The budgeted amount of $524,000 consists of payments for the services from CEO ($300,000), CFO ($44,000) and a consultant ($180,000) over the next 18 months. The Corporation budgeted the consultant fee of $180,000 (i.e., $10,000 per month for a consultant over the next 18 months) based on the current service agreement with the consultant (Cynosure Private Equity Limited), which is an unrelated party that provides the investor connections and service in Hong Kong and China and strategic financial planning for the Corporation, and will receive options to purchase 181,698 Common Shares, which will vest quarterly over a 12 month period, at an exercise price of $1.00 per share. For the period of nine months of 2021, the amount of $116,667 for geological consulting fees was paid to 1635298 Ontario Limited which is owned by the CEO and which has been focusing on the exploration and development of the Ferguson Lake Property, to plan the effective exploration, resource updates, geo-engineering, environmental and social-economic programs, metallurgical tests and feasibility studies, to submit the working proposals and operational budgets for the Board's review and approval, and to execute the approved work programs. The previous budget of $43,200 (monthly $3,600.00) for the CFO was made in early 2021 and was an estimate of required services for 12 months. The current budget of $44,000 (monthly $2,444.00) over the future 18 months is made based on the actual monthly bills from CFO over the current nine-month period of year 2021. The budgeted amount for the CFO is reduced by $1,156 per month, as less services may be needed after the Corporation completes its listing process.

(e) The budget of office and general consists of website and IT Source ($10,000), filing fees ($18,000), management travel ($86,000) and office sundry ($6,000). The expenses of nine months of 2021 consisted of IT Source ($10,945), filing fees ($353), management travel ($14,000), meals and catering with potential investors ($10,983), corporate presentation on website ($6,059), EI and CPP for temporary staffs on field camp ($4,700) and office sundry ($2,028). The filing fees are expected to be much higher after the Corporation is listed on TSX- Venture Exchange.

(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.

Even though the business of the Corporation includes continuing to identify and potentially acquire additional property interests, assess their potential and engage in exploration activities, no such acquisition is currently contemplated and it is intended to expend the funds on the Ferguson Lake Property.

DIVIDENDS OR DISTRIBUTIONS

To date, the Corporation has not paid any dividends on its Common Shares, and the directors do not expect to declare or pay any dividends on the Common Shares in the foreseeable future. Payment of any dividends will be dependent upon the Corporation's future earnings, if any, its financial condition, and other factors the directors determine are relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Please see the MD&A of the Corporation for the year ended December 31, 2020 and the nine-month period ended September 30, 2021 attached to this prospectus as Schedule "B" and "D", respectively.

DESCRIPTION OF SHARE CAPITAL

Special Warrants

A total of 2,223,698 Special Warrants are issued and outstanding.

The Special Warrants are governed by the terms of the Special Warrant Indenture available for review under the Corporation's profile on the System for Electronic Document Analysis and Retrieval (SEDAR).

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 six Business Days following the Qualification Date.

In the event of certain alterations of the outstanding Common Shares, including any subdivision, consolidation or reclassification, an adjustment shall be made to the terms of the Special Warrants such that the holders shall, upon the automatic exercise of the Special Warrants following the occurrence of any of those events, be entitled to receive the same number and kind of securities that they would have been entitled to received had their Special Warrants automatically exercised prior to the occurrence of those events.

The holding of Special Warrants does not make the holder thereof a shareholder of the Corporation or entitle the holder to any right or interest granted to shareholders.

If the Qualification Date has not occurred by June 30, 2022, the Special Warrants will be cancelled and the subscription funds will be returned to the subscribers without interest or deduction.

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value, of which, as at the date hereof, 99,815,453 are issued and outstanding as fully paid and non-assessable.

The holders of the Common Shares are entitled to dividends, if, as and when declared by the board of directors, to one vote per share at meetings of the shareholders of the Corporation and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the Common Shares.

Pursuant to agreements ("**Share Exchange Agreements**") dated May 15, 2021 entered into individually with the Corporation by each of The Lee Quan Shim Family Trust, KRE Development Co. Ltd., 1560240 Ontario Ltd., Richard Brown, Tamara Brown, TRESAW Investment Trust, and 2754096 Ontario Inc. (each a "**Shareholder**"), each Shareholder exchanged a portion of their Common Shares for Series 1 Shares on the basis of one Series 1 Share for one Common Share in order that their Common Shares, as a group, would not exceed 80% of the issued Common Shares of the Corporation.

Preference Shares

The Corporation is also authorized to issue an unlimited number of preference shares. The preference shares may be issued from time to time in one or more series, each consisting of a number of preference shares as determined by the board of directors of the Corporation who also may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of preference shares. The preference shares of each series shall, with respect to payment of dividends and distributions of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among is shareholders for the purpose of winding-up its affairs rank on a preference over the Common Shares and shares of any other class ranking junior to the preferred shares.

Series 1 Shares

Pursuant to Articles of Amendment dated November 9, 2020, a series of the Preference Shares were created, being an unlimited number of Series 1 Shares. The Series 1 Shares are non-transferable, non-voting, non-redeemable, were entitled to a preference of $0.001 per share on wind-up of the Corporation, and were convertible at any time after June 30, 2022, at the option of the holder, into Common Shares on the basis of one Series 1 Share for one Common Share; provided that such conversion shall not result in the Public Float, as defined in the policies of the

Exchange, being less than 20% of the total issued Common Shares of the Corporation. On January 17, 2022, all of the issued Series 1 Shares were converted into Common Shares on a 1:1 basis.

CONSOLIDATED CAPITALIZATION

The following table sets forth the outstanding securities of the Corporation as at the date of this prospectus:

Authorized Capital	Amount Authorized	Outstanding as at the date hereof	Outstanding as at the date of this prospectus and after the deemed exercise of the Special Warrants
Common Shares	Unlimited	$25,503,589 (99,815,453 Common Shares) (1)	$27,727,287 (1) (2) (102,039,151 Common Shares)
Warrants	13,333,333	13,332,737	13,332,737
Special Warrants	2,223,698	$2,223,698 (2) (2,223,698 Special Warrants)	Nil
Options	10,203,915	Nil	771,698

Notes:
(1) Includes $2,223,698 after the deemed exercise of the Special Warrants.
(2) A total of $29,840 is payable as finder's fees to various third party finders.

STOCK OPTION PLAN

The Corporation maintains a stock option plan (the "**Stock Option Plan**").

The Board may allocate non-transferable options to purchase Common Shares of the Corporation to Employees, Directors and Consultants, as defined in the policies of the TSXV (the "**Exchange Policies**") of the Corporation and its subsidiaries. Under the Stock Option Plan, the aggregate number of Common Shares to be delivered upon the exercise of all options granted under the Stock Option Plan, together with all of the Corporation's other security based compensation plans, shall not exceed 10% of the issued and outstanding Common Shares as at the time of granting of options; unless the Corporation has obtained disinterested shareholder approval as provided for in the policies of the TSXV, no individual shall, during any 12 month period, be granted an option which exceeds 5% of the issued and outstanding Common Shares of the Corporation at the time of granting of the option; no Consultant to the Corporation shall, during any 12 month period, be granted an option which exceeds 2% of the issued and outstanding Common Shares of the Corporation at the time of granting of the option; no Employee conducting investor relations activities for the Corporation shall, during any 12 month period, be granted an option which exceeds 2% of the issued and outstanding Common Shares of the Corporation at the time of granting of the option; and the exercise price can only be at such price permitted by the Exchange Policies. Options under the Stock Option Plan are non-assignable (except in the event of death) and may be exercisable for a term of up to ten years. If the expiry date of the option falls within a blackout period, or within nine business days following the expiration of a blackout period, the expiry date of the option is automatically extended to the tenth business day after the end of the blackout period. If an optionee ceases to be an Employee, Director or Consultant of the Corporation or its subsidiaries for any reason (other than for cause or other than for death), the option shall terminate within a reasonable period not to exceed 12 months (as fixed in the agreement evidencing the option) next succeeding the optionee ceasing to be in at least one of the foregoing categories. The option shall terminate immediately if the optionee's position is terminated for cause or if the optionee is removed as a director. The option shall terminate within one year after the death of the optionee. The Board may, at its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

PRIOR SALES

Since October 1, 2020, the Corporation issued the following securities:

Date of issuance	Type of Security Issued	Number of securities Issued	Price per security	Total funds received
October 1, 2020	Common Shares	1,600,000	$0.25	$400,000
November 9, 2020	Common Shares	63,150,000 (1)	Note (2)	Note (2)
November 15, 2020	Common Shares	10,000,000 (3)	$0.50	N/A (3)
February 28, 2021	Series 1 Shares	9,451,253 (4) (5) (10)	$0.75	$7,088,440
February 28, 2021	Series 1 Warrants	4,725,630 (4) (5) (11)	$1.50 Exercise Price	N/A
April 30, 2021	Series 1 Shares	3,882,080 (4) (6) (10)	$0.75	$2,911,560
April 30, 2021	Series 1 Warrants	1,941,041 (4) (6) (11)	$1.50 Exercise Price	N/A
April 30, 2021	Series 1 Shares	882,120 (7) (8) (10)	$0.75	$661,590
April 30, 2021	Series 1 Warrants	441,061 (7) (11)	$1.50 Exercise Price	N/A
May 15, 2021	Series 1 Shares	66,280,208 (9) (10)	$0.075	N/A
May 31, 2021	Special Warrants	2,223,698	$1.00	$2,223,698
October 22, 2021	Series 1 Shares (7)	12,450,000 (10)	$0.75	$9,337,500
October 22, 2021	Series 1 Warrants (7)	6,225,005 (11)	$1.50	N/A
January 17, 2022	Common Shares	92,945,661	Note 12	Note 12
January 17, 2022	Warrants	13,332,737	Note 13	Note 13

Notes:

(1) On November 9, 2020, the 40,210,000 issued Common Shares of the Corporation were split on a 1.5:1 basis resulting in a total of 63,150,000 issued Common Shares.
(2) The stated or paid-up capital for these shares, for an average of $0.0125 per share before the split, was $504,500.
(3) Conversion of debt to shareholders of $5,000,000 incurred since 2013.

(4) Issued pursuant to the Series 1 Private Placement No. 1.
(5) KRE Developments Co. Ltd. ("KRE"), which is a principal securityholder of the Corporation and is owned 50% by 835703 Ontario Ltd. (wholly-owned by Lee Q. Shim, the Chairman and a director of the Corporation) and 50% by Aier Wang, a director of the Corporation, purchased 2,017,920 Series 1 Units and Michael Weeks, a director of the Corporation, purchased 100,000 Series 1 Units.
(6) KRE purchased 3,215,412 Series 1 Units.
(7) Issued pursuant to the Series 1 Private Placement No. 2.
(8) KRE purchased 515,453 Series 1 Units.
(9) These Series 1 Shares were issued pursuant to the Share Exchanges and accordingly 66,280,208 Common Shares were cancelled.
(10) These Common Shares were issued pursuant to the conversion of all of the issued Series 1 Shares into Common Shares on a 1:1 basis and accordingly 92.945.661 Series 1 Shares were cancelled.
(11) These Series 1 Warrants, which entitled the holders to purchase Series 1 Shares, have been cancelled and replaced with the Warrants on a 1:1 basis.
(12) The Series 1 Shares were converted to these Common Shares on a 1:1 basis.
(13) The Series 1 Warrants were cancelled and replaced with these Warrants on a 1:1 basis.

ESCROWED SECURITIES

Escrowed Securities

In the event that the Common Shares of the Corporation become listed on the TSXV, the Company anticipates that it will be classified as an "emerging issuer", as defined under NP 46-201 upon such listing. Pursuant to NP 46-201, securities held by "principals" must be escrowed. The following are principals:

(a) a person or company who acts as a promoter of the issuer within two years before the IPO prospectus;

(b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus;

(c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO;

(d) a 10% holder – a person or company that (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO; and (ii) has elected or appointed, or has the right to elect or appoint one or more directors or senior officers of the issuer or any of its material operating subsidiaries; and

(e) a principal's spouse and their relatives that live at the same address as the principal will also be treated as principals.

Each of The Lee Quan Shim Family Trust, 1560240 Ontario Ltd., Richard Brown, Tamara Brown, KRE Developments Co. Ltd., Christine Yong Shim and Zihong Wang fall within the definition of "principal" under NP 46-201 and are required to escrow their shares. In addition, the TRESAW Investment Trust and 2754096 Ontario Inc., who do not fall within the definition of principal, have agreed to voluntarily escrow their Common Shares. All of the foregoing (the "**Escrow Holders**") have executed an escrow agreement with the Corporation and the Transfer Agent made as of January 17, 2022 substantially in the form attached as an Appendix to NP 46-201 (Form 46-201Fl) (the **"Escrow Agreement")** in respect of an aggregate of 78,998,785

Common Shares, 2,924,394 Warrants and 405,000 Special Warrants. The Escrow Agreement will be filed under the Corporation's profile at www.sedar.com upon the issuance of the final receipt for this Prospectus.

The Escrow Agreement provides that the Escrowed Securities will be released from escrow on the dates calculated from the Listing Date**:**

Date of Automatic Timed Release	Amount of Escrowed Securities Released
On the Listing Date	10% of the escrowed securities
6 months after the Listing Date	15% of the escrowed securities
12 months after the Listing Date	15% of the escrowed securities
18 months after the Listing Date	15% of the escrowed securities
24 months after the Listing Date	15% of the escrowed securities
30 months after the Listing Date	15% of the escrowed securities
36 months after the Listing Date	15% of the escrowed securities

The following table sets out information on the number of securities that are subject to the terms of the Escrow Agreement among the Corporation, the Escrow Agent, and each of the Escrow Holders:

Name and Position of Escrow Holder	Number of Escrowed Securities	Percentage of Class Before Exercise of Special Warrants	Percentage of Class After Deemed Exercise of Special Warrants
The Lee Quan Shim Family Trust (1)	12,750,000 Common Shares	12.77%	12.50%
1560240 Ontario Ltd. (2)	15,000,000 Common Shares	15.03%	14.70%
Richard Brown Director	825,000 Common Shares	0.83%	0.81%
Tamara Brown Spouse of Richard Brown	675,000 Common Shares	0.68%	0.66%
KRE Developments Co. Ltd. (3)	42,748,785 Common Shares 2,874,394 Warrants	42.83% 21.56%	41.89% 21.56%
TRESAW Investment Trust (4)	1,500,000 Common Shares	1.50%	1.47%
2754096 Ontario Inc.	5,400,000 Common Shares	5.41%	5.29%

Name and Position of Escrow Holder	Number of Escrowed Securities	Percentage of Class Before Exercise of Special Warrants	Percentage of Class After Deemed Exercise of Special Warrants
Michael Weeks Director	100,000 Common Shares 50,000 Warrants	0.10% 0.38%	0.10% 0.38%
Christine Yong Shim Spouse of Lee Q. Shim	205,000 Special Warrants	9.22%	0.20%
Zihong Wang Spouse of Aier Wang	120,000 Special Warrants	5.40%	0.12%
Yueling Ji Spouse of Kaihui Yang	80,000 Special Warrants	3.59%	0.08%

Notes:

(1) Lee Q. Shim, the Chairman and a director of the Corporation is the sole trustee of the trust.

(2) 1560240 Ontario Ltd. is wholly-owned by the Kai Hui Yang Family Trust, of which Kaihui Yang, the President, Chief Executive Officer and a director of the Corporation, is the sole trustee.

(3) 835703 Ontario Ltd. (wholly-owned by Lee Q. Shim, the Chairman and a director of the Corporation) and Aier Wang, a director of the Corporation, each own 50% of the issued shares of KRE Developments Co. Ltd.

(4) The beneficiaries of TRESAW Investment Trust are Eliza Brown, Sydney Brown, Angus Brown and William Brown and the Trustees are Tamara Brown and Frank Egan.

(5)

VOLUNTARY HOLD PERIOD SECURITIES

Holders of a total of 20,816,668 Common Shares who are not principals and who originally subscribed for Series 1 Shares, have voluntarily agreed that, unless the Corporation otherwise agrees, their Common Shares can only be traded as follows:

10% thereof from the Listing Date
15% thereof 6 months from the Listing Date
25% thereof 12 months from the Listing Date
25% thereof 18 months from the Listing Date
25% thereof 24 months from the Listing Date

PRINCIPAL HOLDERS OF SECURITIES

The following table sets forth the shareholdings of those persons who own of record or are known to the Corporation to own beneficially, directly or indirectly, more than 10% of the issued Common Shares of the Corporation as at the date hereof.

Name	Type of Ownership	Number of Common Shares	Percentage of Ownership	
			Before Exercise of Special Warrants	After Exercise of Special Warrants
The Lee Quan Shim Family Trust (1)	Direct	12,750,000	12.77%	12.50%

Name	Type of Ownership	Number of Common Shares	Percentage of Ownership	
1560240 Ontario Ltd. (2)	Direct	15,000,000	15.03%	14.70%
KRE Developments Co. Ltd. (3)	Direct	42,748,785	42.83%	41.89%

Notes:

(1) Lee Q. Shim, the Chairman and a director of the Corporation, is the sole trustee of this trust.

(2) This corporation is wholly-owned by Kai Hui Yang Family Trust, of which Kaihui Yang, the President, Chief Executive Officer and a director of the Corporation, is the sole trustee.

(3) 835703 Ontario Ltd. (wholly-owned by Lee Q. Shim, the Chairman and a director of the Corporation) and Aier Wang, a director of the Corporation, each own 50% of the issued shares of KRE Developments Co. Ltd.

DIRECTORS AND EXECUTIVE OFFICERS

NAME, ADDRESS, OCCUPATION AND SECURITY HOLDING

The following table sets out the names and municipalities of residence of each of the current directors and executive officers of the Corporation, their current positions and offices with the Corporation, their principal occupations held during the last five years and the number and percentage of Common Shares owned, or controlled or directed, directly or indirectly, by them:

Name and Municipality of Residence	Director Since	Office or Position with the Corporation	Principal Occupation during the past five years	Common Shares Held	Percentage of Common Shares Outstanding	
					Before Exercise of Special Warrants	After Exercise of Special Warrants
Lee Q. Shim* Richmond Hill, Ontario	Nov. 23, 2020	Chairman and Director	President and Chief Executive Officer of Lee Li Holdings Inc., an investment company in various industries.	12,750,000 (1)	12.77%	12.50%
Kaihui Yang Scarborough, Ontario	Nov. 23, 2020	President, Chief Executive Officer and Director	Geologist and Consultant, Zijin Mining, Zhaojin Mining; President and Chief Executive Officer of the Corporation since November 23, 2020.	15,000,000 (2)	15.03%	14.70%
Aier Wang Dongquan, China	Nov. 23, 2020	Director	Executive Director of Guangdong Grandee Investment Group Co. Ltd., an investment company in various industries.	Nil (4)	Nil (4)	Nil (4)
Richard Brown* Toronto, Ontario	Apr. 18, 2013	Director	Group Head of Sprott Asia, a mining fund.	825,000	083%	0.81%
Michael Weeks * Sexsmith, Alberta	March 1, 2021	Director	Executive chairman of Angkor Resources Corp., an exploration and mining company.	100,000 (3)	0.10%	0.10%
Carmelo Marrelli North York, Ontario	Mar. 1, 2021	Chief Financial Officer	President of Marrelli Support Services Inc., a financial services company.	Nil	Nil	Nil
John Spiteri Milton, Ontario	Nov. 23, 2020	Secretary	Chief Operating Officer of 835702 Ontario Ltd., a management services company, since January, 2018; District Director of Roynat Capital, a financial services company, from October, 2007 to January, 2018.	Nil	Nil	Nil

Name and Municipality of Residence	Director Since	Office or Position with the Corporation	Principal Occupation during the past five years	Common Shares Held	Percentage of Common Shares Outstanding	
					Before Exercise of Special Warrants	After Exercise of Special Warrants
Yu Leung Yau North York, Ontario	Nov. 23, 2020	Treasurer	Accounting Controller of 835702 Ontario Ltd.	Nil	Nil	Nil

* Member of the Audit Committee

Notes:

(1) These shares are owned by The Lee Quan Shim Family Trust, of which Mr. Shim is the sole trustee. Mr. Shim owns 50% of the issued shares of KRE Developments Co. Ltd. which in turn owns 42,748,785 Common Shares of the Corporation

(2) These shares are owned by 1560240 Ontario Ltd. which is wholly-owned by the Kaihui Yang Family Trust, of which Kaihui Yang is the sole trustee.

(3) Michael Weeks owns 100,000 Series 1 Shares and 50,000 Series 1 Warrants.

(4) Aier Wang owns 50% of the issued shares of KRE Developments Co. Ltd., which in turn owns 42,748,785 Common Shares of the Corporation. See note (3) under "*Principal Holders of Securities*".

The directors hold office until they resign or until the close of the next annual meeting of shareholders following their election or appointment.

The directors and executive officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over 71,423,785 Common Shares, which represents 71.56% of the issued and outstanding Common Shares before the exercise of the Special Warrants and 70.00% after the exercise of the Special Warrants.

DIRECTORS AND OFFICERS

Lee Q. Shim, age 57, is the Chairman and a director of the Corporation. Mr. Shim has 36 years of business experience as an entrepreneur and investor in Canada and globally. He started his first venture in Toronto in 1984, and has successfully expanded his business to the USA, China, and Southeastern Asia. He has founded and operated a number of companies including Lee Li Holdings Inc. which has more than 500 employees with interests in a variety of industries, ranging from commercial and residential real estate, to food production and logistics. He is also a significant shareholder and has served as a Director for a number of funds and companies.

Kaihui Yang, age 56, is the President, Chief Executive Officer and a director of the Corporation. Mr. Yang has over 30 years of experience as an exploration geologist. He previously served as a Vice President for the Zijin Mining Group, a mining company listed on the Hong Kong and Shanghai Stock Exchange. He also served as the Chairman for the Sprott-Zijin Joint-Venture Mining Fund. Prior to that, he was a founder and President of a Canadian public company that conducted mineral exploration in China, which won the Prospection and Exploration Outstanding Achievement Award from the China Mining Conference in 2011. He also served as the Chairman and General Manager for several Chinese-foreign joint-ventures. Recently, he has been an independent consultant and director for several Chinese gold companies, as well as Canadian mining and investment companies. He obtained his PhD in Geology in 1990 from China University of Geosciences (Beijing). Early in his career, he was a research scientist in the

Department of Geology at the University of Toronto, and also served as a senior consultant for Canadian mining companies (Barrick, Inco, Falconbridge, and others) and the World Bank Group.

Aier Wang, age 53, is a director of the Corporation. Ms. Wang is the founder of Guangdong Grandee Investment Group Co., Ltd. ("Grandee Group") and is currently the Executive Director of the group. Since Ms. Wang started her own business in 1991, she has successively founded Dongguan Loyal Woods Industry Co., Ltd., Guangdong Hopson Wealth Financial Leasing Co., Ltd., Dongguan Golden Valley Credit Investment Consulting Co., Ltd., and Guangdong Grandee Real Estate Development Co., Ltd., and others. Grandee Group was founded in the year of 2011 by integrating all of the companies founded by Ms. Wang. Grandee Group focuses on investment management in real estate, commercial real estate, finance, health and the wood industry. Ms. Wang has been responsible for the management of some family businesses such as Dongguan Xingye Finance Guarantee Co., Ltd. and Kanghua Renkang Hospital. Ms. Wang has more than 20 years' experience in investment management of real estate, commercial real estate, finance, health and the wood industry. She holds an Executive Master's Degree in business administration from Sun Yat-sen University.

Richard Brown, age 63, is a director of the Corporation. Mr. Brown has spent more than 30 years in the financial capital markets in North America where he has completed numerous financings, mergers, acquisitions and divestitures. He is presently the Group Head, Sprott Asia, for foreign investors investing in the resource sectors in the Americas and Europe. Prior to Sprott, Mr. Brown spent time with Scotia Capital Markets in New York, USA, where he worked on M&A and financings transactions. He also founded Osprey Capital Partners, specializing in assisting mid-sized companies in all types of fundraising and M&A activities. Mr. Brown holds a Bachelor's Degree in Economics and a Master's Degree in Finance from University of Denver.

Michael Weeks, age 65, is a director of the Corporation. Mr. Weeks is a founder of Angkor Resources Corp., listed on the TSXV. He is Chairman of the Board of Angkor Resources Corp. and previously served as its President and CEO. He has 25 years' experience in project management of power generation and petroleum-related industries. He spent over 14 years negotiating with foreign governments in developing and implementing natural resource concessions. During that time, Mr. Weeks was instrumental in implementation of training programs for local labour force development and professional accreditation, and made strides in self-sustaining community growth and enhancement in developing countries. He has an engineering background and holds a First Class Power Engineering Certificate. He has managed large projects in Canada, Asia, Africa and Europe, constructing and managing several large production facilities in North Africa. He is, a founding director of a petroleum training company as well as two financial service companies.

Carmelo Marrelli, age 50, is Chief Financial Officer of the Corporation. Mr. Marrelli is the principal of The Marrelli Group of Companies (the "Marrelli Group"). He is a Chartered Professional Accountant (CPA, CA, CGA) and a member of the Institute of Chartered Secretaries and Administrators, a professional body that certifies corporate secretaries. Mr. Marrelli currently acts as the chief financial officer for a total of 28 reporting issuers listed on the TSX, TSX Venture Exchange and CSE and as a director of a total of 4 reporting issuers. Mr. Marrelli serves in these capacities with the support of the Marrelli Group which employs over 60 employees (including accountants, bookkeepers, and other specialized support personnel) and maintains a network of third-party professional advisors. Mr. Marrelli holds a Bachelor of Commerce degree from the University of Toronto.

John Spiteri, age 56, is Secretary of the Corporation. Mr. Spiteri is the Chief Operating Officer of 835702 Ontario Ltd., which is part of Lee Li Holdings Inc. Prior to joining Lee Li Holdings Inc. in 2018, Mr. Spiteri worked in the banking and financing industry for over 30 years. Starting in retail banking and operations, he eventually went to commercial banking where his focus evolved from daily account management to finance complex fixed assets, subordinated debt and mergers and acquisition activity. As Chief Operating Officer of Lee Li Holdings Inc., he assists in managing the multiple enterprises of this group ranging from commercial and residential real estate, to food production and logistics. Mr. Spiteri holds an Honours BA from the University of Toronto and an MBA from Wilfred Laurier University.

Yu Leung Yau, age 69, is Treasurer of the Corporation. Mr. Yau began his career initially in banking as a commercial bank officer in Hong Kong, focusing on commercial and trading activities. He immigrated to Canada in 1990 and primarily worked in the accounting field, earning his Certified General Accountant designation in 1999. In 2000, he joined 835702 Ontario Ltd., which is part of Lee Li Holdings Inc. as an Assistant Controller, eventually becoming the company's Corporate Controller. Lee Li Holdings Inc. is a diverse company engaged in several businesses ranging from commercial and residential real estate, to food production and logistics.

Personal Bankruptcies

None of the directors, officers, insiders or promoter of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has within the 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or has had a receiver, receiver manager or trustee appointed to hold their assets.

Conflicts of Interest

There are potential conflicts of interest to which some of the directors, officers and insiders and promoter of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors, officers and insiders and promoter are or may become engaged in and will continue to be engaged in the same industry as the Corporation which may be in competition with the Corporation. For instance, Michael Weeks, a director of the Corporation, is Chairman of the Board of Angkor Resources Corp., which is an exploration and mining company. Carmelo Marrelli, the Chief Financial Officer of the Corporation, is the chief financial officer of 28 reporting issuers and a director of 4 reporting issuers. Lee Q. Shim, the Chairman and a director of the Corporation is the owner of 835702 Ontario Ltd. which provides management services to the Corporation. Mr. Shim is also the owner of 1234776 Ontario Inc. which rents office space to the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCA.

Related Party Transactions

The Corporation has adopted a Policy Regarding Related Party Transactions (the "**Related Transaction Policy**"). The Related Transaction Policy states that the Corporation is required to follow the provisions of the BCA, the policies of the TSXV and Multilateral Instrument 61-202 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") with regard to transactions between directors, officers and other related parties and the Corporation. Under the BCA, a director or officer who is a party to, or is a director or officer of or has material interest in a party to, a material contract or transaction or a proposed material contract or transaction must , within the time lines set forth in the BCA, disclose in writing to the Corporation the nature and extent of his or her interest. The TSXV requires that public dissemination relating to the foregoing must be approved by a majority of the disinterested directors of the Corporation. MI 61-101 requires that certain transactions between directors and senior officers or other related parties must receive minority approval of the shareholders of the Corporation. The Related Transaction Policy does not prohibit loans to related parties.

EXECUTIVE COMPENSATION AND PROPOSED COMPENSATION

The following disclosure of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation, to each Named Executive Officer and director is made in accordance with the requirements of National Instrument 51-102. Disclosure is required to be made in relation to each Named Executive Officer, being individuals who served as the Corporation's Chief Executive Officer, Chief Financial Officer, and each of the three most highly compensated executive officers of the Corporation, including any of its Subsidiaries, other than the Chief Executive Officer and Chief Financial Officer whose total compensation at the end of the most recently completed financial year was more than $150,000. The Chief Executive Officer and the Chief Financial Officer of the Corporation are the Corporation's only Named Executive Officers.

The Board is responsible for approving compensation, including long-term incentives in the form of stock options, to be granted to the Chief Executive Officer, the Chief Financial Officer and the directors. The board of directors determines compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and officers while taking into account the financial and other resources of the Corporation.

The Board does not specifically consider the implications of the "risks" associated with the Corporation's compensation policies and practices because the types of compensation are relatively simple and do not generally create "risks" in and of themselves.

The Corporation does not prohibit any Named Executive Officer or director from purchasing financial instruments including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation, to each Named Executive Officer for the financial years ended December 31, 2020, 2019, and 2018.

Name and principal position	Year	Salary ($)	Share-based ($)	Option-based awards ($)	Non-equity incentive plan compensation		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans ($)	Long-term incentive plans ($)			
Kaihui Yang [(1)] Chief Executive Officer	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Mr. Yang was appointed Chief Executive Officer on November 23, 2020. The Corporation did not have a Chief Executive Officer prior to that date.

(2) The Corporation did not have a Chief Financial Officer during these years.

INCENTIVE PLAN AWARDS

Outstanding share-based awards and option-based awards

There were no outstanding option-based awards or share-based awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, for each Named Executive Officer or director of the Corporation.

Incentive plan awards – value vested or earned during the year

There were no incentive plan awards (including option-based awards and share-based awards) value vested, or non-equity incentive plan compensation value earned, during the most recently completed financial year for any Named Executive Officer or director of the Corporation.

The Stock Option Plan is the Corporation's only equity compensation plan.

PENSION PLAN BENEFITS

The Corporation does not maintain any defined benefit plans, deferred contribution plans or deferred compensation plans.

TERMINATION AND CHANGE OF CONTROL BENEFITS

There is no contract, agreement, plan or arrangement between the Corporation and any Named Executive Officer of the Corporation that provides for payments to a Named Executive Officer at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in the Named Executive Officer's responsibilities.

DIRECTOR COMPENSATION

There was no compensation (including fees, share-based awards, option-based awards, non-equity incentive plan compensation, pension value or other compensation) provided to the directors of the Corporation for the most recently completed financial year.

PROPOSED COMPENSATION

The only compensation that has been determined by the Corporation to be paid to the Named Executive Officers in the next 12 months will be $200,000 payable to Chief Executive Officer and $43,200 payable to the Chief Financial Officer. As well, the Chief Executive Officer will be granted options to purchase 100,000 common shares and the Chief Financial Officer will be granted options to purchase 30,000 common shares. The options will have a term of five years and will be exercisable at a price of $1.00 per common share.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee of the Corporation or its subsidiaries, or any proposed nominee for election as a Director of the Corporation, nor any associate of any such director, executive officer or proposed nominee, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation or its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation or any of its subsidiaries, except as follows:

> Funds in the amount of $5,900,000 were advanced to1234777 Ontario Inc. ("1234"), a corporation owned 100% by Lee Q. Shim, the Chairman and a director of the Corporation. The Corporation was advised by a Canadian chartered bank that its best deposit rate was 0.5% per annum. 1234 offered to double the rate to 1.0%. The directors were familiar with the financial strength of 1234 and its ability to repay the advanced funds. The funds were repayable by 1234 by an unsecured promissory note payable on demand in the amount of $5,900,000, together with interest at the rate of 1% per annum. The promissory note has been paid in full. No further lending to or borrowing by any related parties is being contemplated.

OPTIONS TO PURCHASE SECURITIES

The following options are to be granted to the directors, executive officers, employees and consultants of the Corporation after the Qualification Date:

Name	Number of Options to be granted	Exercise Price	Expiry
Executive Officers as a group (5)	290,000	$1.00	Five years from the date of grant
Directors (who are not Executive Officers) (3)	210,000	$1.00	Five years from the date of grant
Consultants (3)	90,000	$1.00	Five years from the date of grant
Consultant (1)	181,698	$1.00	March 31, 2024
Total:	771,698		

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

Audit Committee Charter

The full text of the charter of the Audit Committee is attached as Schedule "E" to this prospectus.

Composition of Audit Committee

The members of the Corporation's audit committee are:

Richard Brown	Independent (1)	Financially literate (2) (3)
Michael Weeks	Independent (1)	Financially literate (2) (4)
Lee Q. Shim	Not Independent (1)	Financially literate (2) (5)

Notes:

(1) A member of an audit committee is considered to be independent if the member is not an executive officer, employee, or control person of the Corporation. Lee Q. Shim is not independent by virtue of him being the Chairman of the Corporation.

(2) An individual is considered to be financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by a corporation's financial statements.

(3) Richard Brown is financially literate by virtue of his experience as set forth under "*Directors and Executive Officers*".

(4) Michael Weeks is financially literate by virtue of his experience as set forth under "*Directors and Executive Officers*".

(5) Lee Q. Shim is financially literate by virtue of his experience as set forth under "*Directors and Executive Officers*".

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by MNP LLP, for the years ended December 31, 2019 and December 31, 2020 to the Corporation to ensure auditor independence. Fees billed for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of Services	**Fees Billed by Auditor for the Year Ended December 31 2020**	**Fees Billed by Auditor for the Year Ended December 31 2019**
Audit Fees (1)	$26,200	$34,500
Audit-Related fees (2)	$Nil	$Nil
Tax Fees (3)	$Nil	$Nil
All Other Fees (4)	$10,000	$Nil
TOTAL:	$36,200	$34,500

Notes:

(1) "Audit fees" include fees necessary to perform the annual audit of the Corporation's financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements.

(2) "Audit-related fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax fees" include fees for all tax services other than those included in the "audit fees" and "audit-related fees". This assistance with tax audits and appeals, tax advice related t mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
(4) "All other fees" include all other non-audit services.

Corporate Governance

National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, sets out a series of guidelines for effective corporate governance. The Corporation has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Corporation's practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been adopted. The corporate governance practices of the Corporation are set out below.

The Board has a Health, Safety, Environment, Social Responsibility, and Corporate Governance Committee (the "**Corporate Governance Committee**"). The Corporate Governance Committee has been constituted to assist the Board in respect of the development and the monitoring of the Corporation's approach to health, safety, environment and social respectability, and corporate governance.

The Corporate Governance Committee consists of Michael Weeks, Richard Brown and Kaihui Yang.

Board of Directors

The Board consists of five directors, three of whom are independent based upon the tests for independence set forth in NI 52-110. Richard Brown, Michael Weeks and Aier Wang are independent. Lee Q. Shim is not independent as he is the Chairman of the Corporation. Kaihui Yang is not independent as he is President and Chief Executive Officer of the Corporation.

The independent directors have full access to management. The independent directors are able to meet at any time without the non-independent director being present. Two of the independent directors are also on the Audit Committee and are able to meet with the Corporation's auditors without management or the non-independent member of the Audit Committee being in attendance.

Directorship

The following directors of the Corporation are directors of other reporting issuers or the equivalent:

Director	Other Reporting Issuer
Michael Weeks	Angkor Resources Corp. – TSXV

Orientation and Continuing Education

The Compensation and Nominating Committee is responsible for developing an orientation or training program for new Board members. As required, new directors will have the opportunity to become familiar with the Corporation by meeting with the other directors and with officers. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board. Board members are encouraged to communicate with management and auditors and technical consultants if required. Board members have full access to the Corporation's records.

Ethical Business Conduct

The Board has not yet adopted a written code of conduct for directors, officers and employees.

The Audit Committee has adopted a Whistle Blower Policy which establishes a procedure for any person to report any serious concern regarding business ethics related to the Corporation as well as any serious concern regarding a questionable accounting, internal accounting controls or auditing matter.

The Board believes that, at this stage of development of the Corporation, the fiduciary duties placed on individual directors and officers by the Corporation's governing corporate legislation and on the individual director's participation in decisions of the Board in which the director has an interest, is sufficient to ensure that the Board operates in the best interests of the Corporation.

Nomination of Directors

The Compensation and Nominating Committee has the responsibility for identifying potential Board members. The Compensation and Nominating Committee also will make recommendations to the Board as to the appropriate size and composition of the Board, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience. If the Board decides that new board members are needed, the Board will assess potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

Compensation of the Directors and Chief Executive Officer

The Board is responsible for approving compensation, including long-term incentives in the form of stock options, to be granted to the Chief Executive Officer, the Chief Financial Officer and the directors. The Compensation and Nominating Committee is responsible to periodically review and recommend to the Board for approval, the remuneration of the directors, the Chief Executive Officer and the Chief Financial Officer.

Board Committees

The Corporation does not have any committees other than the Audit Committee, the Corporate Governance Committee, and the Compensation and Nominating Committee.

Assessments

The Compensation and Nominating Committee is responsible to develop for approval by the Board procedures for assessing the effectiveness of the Board, as a whole, the committees of the Board and the contribution of each individual director.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No Insider, director, or executive officer and no associate or office of any director, executive officer or Insider has any material interest, direct or indirect, in any material transaction within the three years before the date hereof, that has materially affected or is reasonably expected to materially affect the Corporation, except for funds in the amount of $5,900,000 advanced to 1234777 Ontario Inc., a corporation owned100% by Lee Q. Shim, the Chairman and a director of the Corporation, which funds have been repaid in full. See '*Indebtedness of Directors and Executive Officers*".

EXPERTS

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in this prospectus as having prepared or certified a part of that document or a report of valuation described in this prospectus:

1. Trevor Boyd, Ph.D., P. Geo., a geologist in good standing with the Professional Geoscientists Ontario and Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists. Dr. Boyd is a "qualified person" as defined in NI 43-101 and is the primary author responsible for the preparation of the Technical Report
2. The financial statements of the Corporation included with this prospectus have been subject to audit by MNP LLP and their audit report is included herein.

Based on information provided by persons name above, none of such persons have received or will receive any direct or indirect interests in the property of the Corporation, nor do they have any beneficial ownership, direct or indirect, of securities of the Corporation.

MATERIAL CONTRACTS

The following are material contracts that have been entered into by the Corporation within the past two years, other than contracts entered into within the ordinary course of business, and which are currently in force, are as follows:

(a) the Special Warrants Indenture;

(b) Supplemental Special Warrant Indenture; and

(c) the Escrow Agreement.

Copies of the material contracts will be available under the Corporation's profile at www.sedar.com (SEDAR) upon the issuance of the final receipt for this prospectus. The Special Warrant Indenture has already been filed and is available on SEDAR.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are MNP, LLP, #2000, 330 – 5 Ave. S.W., Calgary, Alberta, T2P 0L4.

Odyssey Trust Company through its principal office in Toronto, Ontario, is the transfer agent and registrar for the Common Shares of the Corporation.

RISK FACTORS

The Corporation is in the business of exploring mineral properties, which is a highly speculative endeavor. An investment in the Corporation involves a high degree of risk and should be undertaken only by those persons who financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment should only be made by persons who can afford a total loss of their investment. Investors should evaluate carefully the following risk factors as associated with an investment in the Corporation's securities prior to making an investment in the Corporation.

Negative Operating Cash Flow – The Corporation has had negative operating cash flow from its incorporation.

To the extent that the Corporation has a negative operating cash flow in future periods, the Corporation will need to allocate a portion of its cash reserves to fund such negative operating cash flow. The Corporation may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that additional capital or other types of financing will be available when needed, or that these financings will be on terms favorable to the Corporation.

Exploration and Development – Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return of investment capital.

There is no assurance that the Corporation's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Corporation's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Reliance on Management – The success of the Corporation 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 Corporation 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 Corporation, its business, operating results or financial condition. In addition, the Corporation 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.

No Assurance of Active Market – There has been no public trading market for the Common Shares. There can be no guarantee that an active and liquid trading market will develop or be maintained, the failure of which may have a material adverse effect on the value of the Common Shares and the ability of a shareholder to dispose of the Common Shares in a timely manner, or at all. In addition, the market price of the securities of the Corporation at any given point in time may not accurately reflect the long-term value of the Corporation.

Stock Price Volatility – The market price of a publicly traded stock is affected by many variables, including the availability and attractiveness of alternative investments and the breadth of public market for the stock. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such variations will not affect the price of the Corporation's securities in the future.

Concentrated Ownership – The directors and executive officers of the Corporation and their spouses, as a group, beneficially own, directly or indirectly, or exercise control or direction over 74,003,785 Common Shares which represents 72.53% of the issued and outstanding Common Shares after the exercise of the Special Warrants. The Common Shares held by this group are held in escrow See "*Escrowed Securities*". A total of 20,816,668 Common Shares, which represents 20.40% of the issued and outstanding Common Shares after the exercise of the Special Warrants, is held by 28 shareholders. These shareholders have voluntarily agreed to hold periods, relating to the Common Shares, as set forth under "*Voluntary Hold Period Securities*". When a high percentage of the issued and outstanding Common Shares are held by a limited number of shareholders, this could lead to a market that is not an orderly market.

Insufficient Capital and Financing Risks - The Corporation does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. To maintain its activities and for the exploration and development of the Ferguson Lake Property, including conducting Phase 2 of the recommended exploration program set out in the Technical Report, if warranted, the Corporation will require additional funds which may be obtained through various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not ·be available when needed or, if available, the terms of such financing might not be favorable to the Corporation and might involve substantial dilution to existing shareholders. The Corporation may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Corporation's business, financial condition and results of operations, and could result in the loss of the Corporation's interest in the Ferguson Lake Property. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Corporation may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets, the price of commodities and/or the loss of key management personnel. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration or development, including further exploration, if warranted, at the Ferguson Lake Property.

Conflicts of Interest – Certain of the directors of the Corporation serve as directors of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, the directors of the Corporation may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the board of directors of the Corporation, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Michael Weeks, a director of the Corporation, is Chairman of the Board of Angkor Resources Corp., which is an exploration and mining company. Carmelo Marrelli, the Chief Financial Officer of the Corporation, is the chief financial officer of 28 reporting issuers and a director of 4 reporting issuers. Lee Q. Shim, the Chairman and a director of the Corporation is the owner of 835702 Ontario Ltd. which provides management services to the Corporation. Mr. Shim is also the owner of 1234776 Ontario Inc., which rents office space to the Corporation. In accordance with the laws of the Province of Ontario, the directors and officers of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCA.

Title to Properties –Title to mining claims may be disputed. Although the Corporation believes it has taken reasonable measures to ensure proper title to its current property, there is no guarantee such title will not be challenged or impaired. Third parties may have valid or invalid claims underlying portions of its interest, including prior unregistered liens, agreements, transfers or claims including formal aboriginal land claims, informal aboriginal land claims accompanied by hostile activity, and title may be affected by, among other things, undetected defects. As a result, the Corporation may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its current property or any future properties that it may acquire an interest in. An impairment to or defect in its title to its properties could have a material adverse effect on its business, financial condition or results of operations.

Uninsurable Risks – In the course of exploration, development and production of mineral properties, certain risks and, in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Corporation.

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 a 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.

Permits, Licenses and Government Regulations – The future operations of the Corporation will require permits, licenses and permissions from various federal, provincial and local governmental authorities and is governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. If the Corporation does not obtain the required permits, licenses or permissions, it will not be able to carry out mining operations.

Environmental Laws and Regulations – Environmental laws and regulations may affect the operations of the Corporation. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Corporation for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Corporation generally relies on recognized designers and development contractors from which the Corporation will, in the first instance, seek indemnities. The Corporation intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Corporation's operations more expensive.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Fluctuating Mineral Prices – The Corporation'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 Corporation 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 Corporation'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 Corporation 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 Corporation and on the trading value of the Common Shares.

Litigation – The Corporation 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 Corporation is unable to resolve these disputes favorably, it may have a material and adverse effect on the Corporation'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 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.

PROMOTER

Lee Q. Shim took the initiative in founding the Corporation and is therefore the promoter within the meaning of applicable securities legislation. Mr. Shim currently owns directly and indirectly an aggregate total of 12,750,000 Common Shares of the Corporation, which represents 12.77% of the issued and outstanding Common Shares before the exercise of the Special Warrants and 12.50% of the issued and outstanding Common Shares after the exercise of the Special Warrants. Mr. Shim also owns 50% of the issued shares of KRE Development Co. Ltd. which owns 42,748,785 Common Shares of the Corporation representing 42.83% and 41.89% of the issued and outstanding Common Shares of the Corporation before and after the exercise of the Special Warrants, respectively.

FINANCIAL STATEMENTS AND MD&A

The following financial statements and MD&A are attached to this prospectus:

1. Audited financial statements of the Corporation for the years ended December 31, 2020 and December 31, 2019 attached to this prospectus as Schedule “A”;
2. MD&A of the Corporation for the year ended December 31, 2020 attached to this prospectus as Schedule “B”;
3. Interim financial statements of the Corporation for the nine-month period ended September 30, 2021 attached to the prospectus as Schedule “C”; and
4. MD&A of the Corporation for the nine-month period ended September 30, 2021 attached to this prospectus as Schedule “D”.

STATUTORY RIGHTS OF WITHDRAWAL AND RECISION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendments thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for recission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

CONTRACTUAL RIGHT OF RESCISSION

The Corporation has granted to each holder of a Special Warrant a contractual right of rescission in respect of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires another security of the Corporation on exercise of the Special Warrant as provided for in this prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of the prospectus or an amendment hereto containing misrepresentation: (a) the holder is entitled to rescission of both the holder’s exercise of its Special Warrant and the acquisition of the Special Warrant under the private placement transaction under which the Special Warrant was initially acquired; (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Corporation pursuant to such holder’s acquisition of the Special Warrant; and (c) if the holder is permitted assignee of the interest of the original subscriber of Special Warrants, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

OTHER MATERIAL FACTS

To management’s knowledge, there are no other material facts about the Corporation which are not otherwise disclosed in this prospectus.

SCHEDULE "A"
ANNUAL FINANCIAL STATEMENTS

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

Financial Statements

For the years ended December 31, 2020 and 2019

Independent Auditor's Report

To the Directors of Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.):

Opinion

We have audited the financial statements of Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.) (the "Company"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019, and the statements of net loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and December 31, 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Compnay had a net loss and negative cashflows from operating activities during the year ended December 31, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

MNP LLP

Calgary, Alberta
April 15, 2021

Chartered Professional Accountants

Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.)

Statements of Financial Position
(Stated in Canadian Dollars)
As at December 31,

Assets	**2020**	**2019**
Current assets		
Cash	1,553,324	3,120
HST receivable	51,598	51,598
Total current assets	1,604,922	54,718
Non-current assets		
Property and equipment (Note 4)	166,298	90,954
Exploration and evaluation assets (Note 5)	2,475,537	2,382,857
Total non-current assets	2,641,835	2,473,811
Total assets	4,246,757	2,528,529
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	355,326	238,168
Deposits for share subscription (Note 7)	1,300,000	-
Advances from shareholders (Note 6)	-	2,894,732
Total liabilities	1,655,326	3,132,900
Shareholders' Equity (Deficiency)		
Share capital (Note 7)	5,504,500	104,500
Share subscription receivable (Note 7)	(1,900,000)	-
Deficit	(1,013,069)	(708,871)
Total shareholders' equity (deficiency)	2,591,431	(604,371)
Total liabilities and shareholders' equity (deficiency)	4,246,757	2,528,529

Going concern (Note 1)

Approved on behalf of the Board of Directors:

Signed: "Lee Q Shim"
Director Lee Q Shim

Signed: "Richard Brown"
Director Richard Brown

The accompanying notes form an integral part of these financial statements

Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.)

Statements of Net Loss and Comprehensive Loss
(Stated in Canadian Dollars)
For the years ended December 31,

	2020	2019
Expenses		
Office and general	15,876	5,387
Rent (Note 6)	24,000	24,000
Depreciation (Note 4)	25,291	13,410
Management fees (Note 6)	36,000	36,000
Professional fees	203,031	8,000
Total expenses	(304,198)	(86,797)
Net loss and comprehensive loss	(304,198)	(86,797)
Loss per share		
Basic and diluted	(0.00)	(0.00)
Weighted average number of shares outstanding		
Basic and diluted	62,946,330	60,750,000

The accompanying notes form an integral part of these financial statements

Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.)

Statements of Changes in Shareholders' Equity (Deficiency)
(Stated in Canadian Dollars)

	Common Shares	Share Capital	Share Subscription Receivable	Deficit	Total
Balance, December 31, 2018	60,750,000	104,500	-	(622,074)	(517,574)
Net loss	-	-	-	(86,797)	(86,797)
Balance, December 31, 2019	60,750,000	104,500	-	(708,871)	(604,371)
Share issuance	12,400,000	5,400,000	(1,900,000)	-	3,500,000
Net loss	-	-	-	(304,198)	(304,198)
Balance, December 31, 2020	73,150,000	5,504,500	(1,900,000)	(1,013,069)	2,591,431

The accompanying notes form an integral part of these financial statements

Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.)

Statements of Cash Flows
(Stated in Canadian Dollars)
For the years ended December 31,

	2020	2019
Cash provided by (used in):		
Operating Activities		
Net loss	(304,198)	(86,797)
Depreciation (Note 4)	25,291	13,410
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	117,158	45,956
Net cash used in operating activities	(161,749)	(27,431)
Financing Activities		
Proceeds from insurance	-	101,000
Proceeds from shareholders (Note 6)	605,268	71,132
Deposits for share subscription (Note 7)	1,300,000	-
Net cash provided by financing activities	1,905,268	172,132
Investing Activities		
Purchase of property and equipment (Note 4)	(100,635)	(58,352)
Expenditures on exploration and evaluation assets (Note 5)	(92,680)	(89,903)
Net cash used in investing activities	(193,315)	(148,255)
Increase (decrease) in cash	1,550,204	(3,554)
Cash, beginning of year	3,120	6,674
Cash, end of year	**1,553,324**	**3,120**

The accompanying notes form an integral part of these financial statements

1. Nature of Operations and Going Concern

Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.) (the "Company") was incorporated on April 18, 2013 under the laws of Ontario, Canada. The Company's principal business activity is the exploration of mineral properties as the Ferguson Lake Project in the Kivalliq Region of Nunavut, Canada. The registered office of the Company is 3F- 299 Courtneypark Dr East, Mississauga, Ontario.

The novel Coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated but may impact the Company's ability to raise sufficient funds to complete planned activities on the Ferguson Lake Project and be compliant with the earn-in provisions.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they become due. For the year ended December 31, 2020, the Company incurred a net loss of $304,198 (2019 - $86,797) and had negative cash flows from operations of $161,749 (2019 - $27,431). These conditions indicate the existence of a material uncertainty which may cast significant doubt related to the Company's ability to continue as a going concern and therefore may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue as a going concern and therefore be required to realize its assets and liabilities in other than the normal course of business and potentially at amounts materially different from those recorded in these financial statements.

The Company is in the process of exploring its mineral property interests and has not yet determined whether the Ferguson Lake Project contains mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral properties, obtaining the necessary permits to mine, and future profitable production or proceeds from the disposition of the mineral properties. Management currently assesses the Company's ability to continue as a going concern using financial forecasts of 12 months to ensure the Company has adequate capital to meet its financial obligations.

2. Basis of Presentation and Accounting Policy Change

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), in effect on January 1, 2020.

These financial statements were approved and authorized for issuance on April 15, 2021 by the Board of Directors.

(b) Basis of Presentation and Measurement

These financial statements have been prepared using the historical cost convention, except for certain financial instruments measured at fair value.

(c) Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

3. Significant Accounting Policies

(a) Cash

Cash consists of deposits held in a financial institution.

(b) Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment loss. Property and equipment include costs to purchase and any costs directly attributable to bring the asset to its current location and condition necessary for its intended use including costs of dismantling and removing the item and restoring the site on which it is located. Expenditures for additions and improvements are capitalized and expenditures for maintenance and repairs are charged to expense.

Depreciation is calculated using straight line depreciation method over a period of 5 to 10 years. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposition, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of net loss.

Where an item of property and equipment consists of major components with different useful lives, the components are accounted for as separate items of property and equipment.

Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

(c) Impairment

At the end of each reporting period the carrying amounts of the Company's non-financial assets are reviewed to determine whether there are any indications that the assets are impaired. The Company uses external factors, such as changes in expected future prices and costs, and other market factors to assess for indications of impairment. If any such indication exists, an estimate of the asset's recoverable amount is calculated; being the higher of fair value less direct costs of disposal and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged to the statement of net loss and comprehensive loss so as to reduce the carrying amount in the statement of financial position to its recoverable amount.

Fair value less costs of disposal is determined as the amount that would be obtained from the sale of assets in an arm's length transaction between knowledgeable and willing parties. Fair values for mineral assets are generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, to arrive at a net present value of the asset.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups and referred to as cash generating units. Cash generating units are the smallest identifiable group of assets, liabilities and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(d) Exploration and evaluation assets (“E&E Assets”)

E&E Assets include the costs of acquiring licenses, exploration and evaluation activity, and the fair value, at the date of acquisition, of exploration and evaluation assets acquired in a business combination. Costs incurred before the Company has obtained legal rights to explore an area are recognized in the statement of net loss and comprehensive loss.

Acquisition costs, including general and administration costs, are only capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

E&E Assets are assessed for impairment if sufficient evidence exists to determine technical feasibility and commercial viability or facts and circumstances suggest the carrying amount exceeds the recoverable amount.

Once technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property development assets within property and equipment.

Recoverability of the carrying amount of any E&E Assets is dependable on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(e) Taxes

Tax on the profit or loss for the periods presented comprises current and deferred taxes. Tax is recognized in the statement of net loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting period, adjusted for any income tax reassessments from prior periods.

Deferred tax is provided in full, using the liability method based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred taxes attributable to amounts recognized directly in equity are also recognized directly in equity.

(f) Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the total net loss and comprehensive loss attributed to common shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating dilutive loss per share. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(g) Financial Instruments

The Company recognizes financial assets and financial liabilities, including derivatives, on the statements of financial position when the Company becomes a party to the contract. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or when the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are removed from the financial statements when the liability is extinguished either through settlement of, or release from, the obligation of the underlying liability.

Financial assets, financial liabilities and derivatives are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial instrument's classification, as described below.

Amortized cost
A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the cash flows; and all contractual cash flows represent only principal and interest on that principal. All financial liabilities are measured at amortized cost using the effective interest method except for liabilities incurred for the purposes of selling or repurchasing in the short-term liabilities, if they are held-for trading and those that meet the definition of a derivative.

Cash, HST receivable, receivable for shares issued, advances from shareholders, deposits for share subscription and accounts payable and accrued liabilities are classified as assets or liabilities measures at amortized cost.

Fair value through other comprehensive income ("FVTOCI")
A financial asset shall be measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payment of Principal and Interest ("SPPI") on the principal amount outstanding.

Fair value through profit or loss ("FVTPL")
All financial assets that do not meet the definition of being measured at amortized cost or FVTOCI are measured at FVTPL, this includes all derivative financial assets. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. For financial assets and liabilities, the Company may make an

irrevocable election to designate an asset at FVTPL. If the election is made it is irrevocable, meaning that asset, liability, or group of financial instruments must be recorded at FVTPL until that asset, liability or group of financial instruments are derecognized.

Financial assets and liabilities are offset and the net amount is reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(h) Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates and use judgment regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the statement of financial position and the reported amounts of expenses during the year. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the financial statements. Accordingly, actual results may differ from the estimated amounts as future confirming events occur. Adjustments are recorded in the current year as they become known.

<u>Accounting Estimates</u>

Impairment

The Company conducts impairment review of property and equipment and E&E assets whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Determining whether an asset is impaired requires an estimation on the recoverable amount.

<u>Accounting Judgments</u>

Recoverability of exploration and evaluation assets

The Company applies significant judgements on the ongoing feasibility of mineral exploration, and whether there are indicators that the right to explore the specific area has or will expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management is required to perform an assessment of the recoverable amount of exploration and evaluation properties.

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.

(all amounts are expressed in Canadian dollars)

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 of 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.

4. Property and Equipment

	Mining equipment
Cost	
Balance, December 31, 2018	159,425
Additions	58,352
Balance, December 31, 2019	217,777
Additions	100,635
Balance, December 31, 2020	318,412

Accumulated Depreciation	
Balance, December 31, 2018	113,413
Depreciation	13,410
Balance, December 31, 2019	126,823
Depreciation	25,291
Balance, December 31, 2020	152,114
Net Book Value, December, 2019	90,954
Net Book Value, December, 2020	166,298

(all amounts are expressed in Canadian dollars)

5. Mineral Properties

	Total
Balance, December 31, 2018	2,292,954
Exploration costs	89,903
Balance, December 31, 2019	2,382,857
Exploration costs	92,680
Balance, December 31, 2020	2,475,537

6. Related Party Transactions

The Company has identified directors and senior officers as key management personnel. During the year ended December 31, 2020, the Company recognized the following transactions with related parties:

- $24,000 (2019 - $24,000) office rent expenses to a company owned by a director of the Company;
- $36,000 (2019 - $36,000) management fee to a company owned by a director of the Company; and,
- $605,268 (2019 - $71,132) advances from shareholders. At December 31, 2020, advances from shareholders of $nil (2019 – $2,894,732) are due on demand, bear no interest and unsecured.

Transactions with related party are in the usual course of business and initially measured at fair value.

At December 31, 2020, accounts payable and accrued liabilities includes $212,000 (2019 - $198,000) due to related parties for office rent and management fees. The balances are unsecured, bear no interest, and due upon demand.

7. Share Capital

(a) Authorized
Unlimited number of common shares without nominal or par value.

(b) Issued: Common shares

	Number	**Value**
Balance, December 31, 2019 and 2018	60,750,000	$104,500
Share issuance	12,400,000	5,400,000
Balance, December 31, 2020	73,150,000	$5,504,500

(all amounts are expressed in Canadian dollars)

On October 1, 2020, 2754096 Ontario Inc. subscribed for 1,600,000 (2,400,000 shares after stock split) shares at $0.25 per share for $400,000 in cash. As the cash proceeds have not been received as at December 31, 2020, the amount is recorded as share subscription receivable within shareholders' equity. The full amount was received subsequent to the year end.

On November 9, 2020, the Company completed stock split on the basis of 1:1.5. As a result, the number of shares increased to 63,150,000 as at November 9, 2020. These financial statements reflect the retrospective application of this stock split.

On November 15, 2020, the Lee Quan Shim Family Trust, a party related through share ownership, subscribed for 3,000,000 shares at $0.50 per share for $1,500,000. As cash proceeds have not been received as at December 31, 2020, the amount is recorded as share subscription receivable within shareholders' equity. The full amount was received subsequent to the year end.

On November 15, 2020, KRE Developments Co. Ltd., a party related through share ownership, subscribed for 7,000,000 shares in settlement of debt having a carrying value of $3,500,000. The fair value of the shares was estimated at $0.50 per share based on an arm's length share offering.

During 2020, the Company received $1,300,000 for share subscription for which the shares were not granted until subsequent to December 31, 2020. The amount has been recorded as deposits for share subscription.

8. Tax

The net income tax provision differs from that expected by applying the Canadian federal and provincial corporate rate due to the following:

	2020	**2019**
Loss before taxes	(304,198)	(86,797)
Statutory tax rate	12.5%	12.5%
Expected income tax recovery	(38,025)	(10,850)
Tax benefit not recognized	38,025	10,850
Income tax expense	-	-

The Company has approximated gross timing differences of the following:

	2020	**2019**
Non-capital losses	595,000	347,000
Property and equipment	164,000	126,000
Total timing differences	759,000	473,000

The Company's non-capital loss carryforwards balance is available to reduce future years' taxable income and, if not fully utilized, will commence to expire in fiscal year.

9. Financial Instruments and 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 fulfills their obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits its exposure to credit risk by dealing with well rated entities. Management believes credit risk to be low as its cash is held in a major financial institution in Canada and accounts receivable is due from the Government of Canada as it relates to Harmonized 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 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 $1,604,922 (2019 - $54,718) to settle obligations of $1,655,326 (2019 - $3,132,900).

(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, receivable for shares issued, advances from shareholders, deposits for share subscription and accounts payable and accrued liabilities approximates fair value due to the short-term nature.

10. Capital Management

The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and provide returns for shareholders and to facilitate the development of its core business.

The Company considers cash and shareholders' equity to be capital of the Company. The Company does not have any externally imposed restrictions on its capital and there have been no changes in the Company's approach to capital management from previous years.

11. Subsequent events

On February 28, 2021, the Company closed the first tranche of the private placement which in total consists of 13,333,333 common shares and 6,666,663 warrants for gross proceeds of $10,000,000.

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.

SCHEDULE "B"
ANNUAL MANAGEMENT'S DISCUSSSION AND ANALYSIS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 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 year ended December 31, 2020 and 2019. 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, 2019 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, 2020 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at April 15, 2021 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 Norths 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 Resources Inc. 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.

The Company plans to issue a minimum of 2,000,000 to a maximum of 3,000,000 special warrants ("Special Warrants") at a price of $1 per Special Warrant on April 16, 2021 ("Closing Date"). 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 in one business day following the Qualification Date.

Not later than three Business Days following the Closing Date ("Qualification Date"), the Issuer will file a non-offering prospectus for the purpose of qualifying for distribution of the Common Shares to be issued on the automatic exercise of the Special Warrants.

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, 2020, the Company had a net working capital deficit of $50,404 (December 31, 2019 – $3,078,182). The Company had cash and cash equivalents of $1,553,324 (December 31, 2019 - $3,120).

Working capital and cash and cash equivalents increased during the year ended December 31, 2020 due to private placements completed during the year offset by exploration and evaluation expenditures, purchase of property and equipment and general and administrative expenses.

With the completion of the first tranche of private placement, 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, 2021. 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 15, 2021, Dr. Boyd completed the NI43-101 Technical Report for the Ferguson Lake project that the Company owns 100% of the interest.

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 October 1, 2020, 2754096 Ontario Inc. further subscribed 1,6000,000 shares at $0.25 per share for $400,000 in cash.

- On November 9, 2020, the Corporation filed Articles of Amendment with Ontario Ministry of Government Services to amend its name from Canadian North Resources and Development Corp. to Canadian North Resources Inc. and to create a class of preference share issuable in series and preference shares, serial 1.

- On November 9, 2020 the Company completed stock split 1:1.5. As a result, the number of shares increased to 63,150,000 as at November 9, 2020. These financial statements reflect the retrospective application of this stock split.

- On November 15, 2020, Lee Quan Shim Family Trust further subscribed 3,000,000 shares at $0.50 per share for $1,500,000 in settlement of advances to CNR.

- On November 15, 2020, KRE Developments Co. Ltd. further subscribed 7,000,000 shares at $0.50 per share for $3,500,000 in settlement of advances to CNR.

- 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 April 12, 2021, the Company closed the final tranche of the private placement which consisted of 13,333,333 Preference Shares Series 1 and 6,666,663 Preference Share Series 1 warrants for gross proceeds of $10,000,000.

- 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. The expected closing date of the Offering is April 16, 2021.

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 Canadian North Resources Inc. with the main purpose of completing surface explorations and technical evaluations. This work included prospecting, lithogeochemcial 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 Canadian North Resources Inc. 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 as follows:

- Wireframes were constructed using a Pd + Pt cut-off grade 1.0 g/t <u>instead</u> 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 <u>instead</u> 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, Canadian North Resources Inc. 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 Resource's 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 CNR'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 Canadian North Resources Inc. 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 rhodiumwill 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

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.

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 filing, 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, 2020, 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,		
	2020 ($)	**2019 ($)**	**2018 ($)**
Net loss for the year	304,198	86,797	108,481
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)
Total assets	4,246,757	2,528,529	2,500,238

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 ($)	(Loss) income Total ($)	Per Share ($)	Total Assets ($)
2020 – December 31	-	(100,602)(1)	(0.00)	4,246,757
2020 – September 30	-	(170,903)(2)	(0.00)	2,927,746
2020 – June 30	-	(16,338)(3)	(0.00)	2,659,963
2020 – March 31	-	(16,355)(4)	(0.00)	2,589,105
2019–December 31	-	-43,528 (5)	(0.00)	2,528,529
2019–September 30	-	(58,620)(6)	(0.00)	2,402,833
2019–June 30	-	(60,420) (7)	(0.00)	2,399,695
2019–March 31	-	(11,287) (8)	0.00	2,411,740

(1) 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.
(2) 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.
(3) 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.
(4) 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.
(5) Income of $43,528 during the three months ended December 31, 2019 is mostly comprised of reallocating some expenses incurred in the first three quarters and the fourth quarter to mineral assets or capital assets, which reduces expenses in the Q4 and result in a net income of Q4.
(6) Loss of $58,620 during the three months ended September 30, 2019 is mostly comprised of advertising of $41,026, management fees of $9,000 and office and general of $8,594.
(7) Loss $60,420 during the three months ended June 30, 2019 mainly includes management fees of $9,000, research service of $27,313, equipment supplies of $14,548, professional fees of $597 and office and general of $8,962.
(8) Loss of $11,287 during the three months ended March 31, 2019 mainly includes management fees of $9,000 and office and general of $2,287.

Discussion of Operations

Year ended December 31, 2020 compared with year ended December 31, 2019

The Company's net loss totaled $304,198 for the year ended December 31, 2020, with basic and diluted loss per share of $0.00. This compares with a net loss of $86,797 with basic and diluted loss per share of $0.00 for the year ended December 31, 2019. The increase of $217,401 in net loss was principally because:

- During year ended December 31, 2020, the company had $203,031 professional fees compared to $8,000 professional fees during the year ended December 31, 2019

Three months ended December 31, 2020 compared with three months ended December 31, 2019

Canadian North's net loss totaled $100,602 for the three months ended December 31, 2020, with basic and diluted loss per share of $0.00. This compares with a net income of $43,528 with basic and diluted income per share of $0.00 for the three months ended December 31, 2019. The increase of net loss was principally because of reallocation of some development costs to assets during the three months ended December 31, 2019.

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 $161,749 for the year ended December 31, 2020. Operating activities were affected by net loss of $304,198 plus non-cash items of $25,291 of depreciation and the positive change in non-cash working capital balances of $117,158.

Cash provided by financing activities was $1,905,268 for the year ended December 31, 2020. Financing activities included $605,268 proceeds from shareholders and $1,300,000 deposits for share subscription.

Cash used in investing activities was $193,315 for the year ended December 30, 2020 as a result of expenditures on exploration and evaluation assets of $92,680 and purchase of property and equipment of $100,635.

At December 31, 2020, the Company had $1,553,324 in cash (December 31, 2019 - $3,120).

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.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative and exploration expenditures and funding of its investment activities. For fiscal 2021, the Company's expected operating expenses are estimated to average $5**5,000** per month for recurring operating costs. Management may reassess its planned expenditures based on the Company's working capital resources, the scope of work required to advance exploration on its projects and the overall condition of the financial markets.

The Company's working capital deficit is $50,404 at December 31, 2020

Critical Accounting Estimates and Judgments

Accounting Estimates

Impairment

The Company conducts impairment review of property and equipment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Determining whether an asset is impaired requires an estimation on the recoverable amount.

Accounting Judgments

Recoverability of exploration and evaluation assets

The Company applies significant judgements on the ongoing feasibility of mineral exploration, and whether there are indicators that the right to explore the specific area has or will expire, that further exploration and evaluation plans have changed, or whether development of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management is required to perform an assessment of the recoverable amount of exploration and evaluation properties.

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 of 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 exploration and evaluation 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 in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and provide returns for shareholders and to facilitate the development of its core business.

The Company considers cash and shareholders' equity to be capital of the Company. The Company does not have any externally imposed restrictions on its capital and there have been no changes in the Company's approach to capital management from previous years.

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 fulfills their obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. The Company limits its exposure to credit risk by dealing with well rated entities. Management believes credit risk to be low as its cash is held in a major financial institution in Canada and accounts receivable is due from the Government of Canada as it relates to Harmonized 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 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 $1,604,922 (2019 - $54,718) to settle obligations of $1,655,326 (2019 - $3,132,900).

(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, accounts receivable, advances from shareholders and accounts payable and accrued liabilities approximates fair value due to the short-term nature.

Related Party Transactions

The Company has identified directors and senior officers as key management personnel. During the year ended December 31, 2020, the Company recognized the following transactions with related parties:

- $24,000 (2019 - $24,000) office rent expenses to a company owned by a director of the Company;
- $36,000 (2019 - $36,000) management fee to a company owned by a director of the Company; and,
- $605,268 (2019 - $71,132) advances from shareholders. At December 31, 2020, advances from shareholders of $nil (2019 – $2,894,732) are due on demand, bear no interest and unsecured.

Transactions with related party are in the usual course of business and initially measured at fair value.

At December 31, 2020, accounts payable and accrued liabilities include $212,000 (2019 - $198,000) due to related parties for office rent and management fees. The balances are unsecured, bear no interest, and due upon demand.

Share Capital

As of the date of this MD&A, the Company had 73,150,000 issued and outstanding common shares, 13,333,333 Preference Shares Series 1 and 6, 666,663 Preference Share Series 1 warrants.

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 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.

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.

SCHEDULE "C"
INTERIM FINANCIAL STATEMENTS

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

Condensed Interim Financial Statements

For the three and nine month periods ended September 30, 2021 and 2020

Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.)

Condensed Interim Statements of Financial Position
(Stated in Canadian Dollars)
As at:
(Unaudited)

	Note	**September 30, 2021 (unaudited)**	December 31, 2020 (audited)
Assets			
Current assets			
Cash	7	19,689,856	1,553,324
HST receivable		229,406	51,598
Prepaid expenses		35,571	-
Total current assets		19,954,833	1,604,922
Non-current assets			
Property and equipment	4	147,454	166,298
Exploration and evaluation assets	5,6	5,078,231	2,475,537
Total non-current assets		5,225,685	2,641,835
Total assets		25,180,518	4,246,757
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		200,273	355,326
Deposits for share subscription	7	10,561,197	1,300,000
Total liabilities		10,761,470	1,655,326
Shareholders' Equity			
Share capital	8	16,166,090	5,504,500
Share subscription receivable		-	(1,900,000)
Deficit		(1,747,042)	(1,013,069)
Total shareholders’ equity		14,419,048	2,591,431
Total liabilities and shareholders’ equity		25,180,518	4,246,757

Going concern (Note 1)
Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

(Signed) "*Lee Q. Shim*"

Director

(Signed) "*Richard Brown*"

Director

The accompanying notes form an integral part of these condensed interim financial statements

Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.)

Condensed Interim Statements of Net Loss and Comprehensive Loss
(Stated in Canadian Dollars)
For the months ended,
(Unaudited)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2021	**2020**	**2021**	2020
Interest income		**(16,085)**	**-**	**(20,449)**	**-**
Expenses					
Office and general		**35,287**	2,984	**49,068**	3,336
Professional fees		**140,828**	130,075	**512,842**	135,285
Rent	**6**	**6,000**	6,000	**18,000**	18,000
Depreciation	**4**	**6,262**	5,415	**18,845**	16,244
Management fees	**6**	**134,667**	9,000	**155,667**	30,371
Total expenses		**323,044**	153,474	**754,422**	203,596
Net loss and comprehensive loss		**306,959**	153,474	**733,973**	203,596
Loss per share					
Basic and diluted		**(0.01)**	(0.00)	(0.01)	(0.00)
Weighted average shares outstanding *(Note 8(b)(v))*					
Basic and diluted		**21,085,245**	74,965,45 4	**53,861,172**	74,965,454

The accompanying notes form an integral part of these condensed interim financial statements

Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.)

Condensed Interim Statements of Changes in Shareholders' Equity
(Stated in Canadian Dollars)
(Unaudited)

	Note	Share Capital	Share Subscription Receivable	Deficit	Total
As at December 31, 2019		104,500	-	(708,871)	(604,371)
Net loss and comprehensive loss		-	-	(203,596)	(203,596)
As at September 30, 2020		104,500	-	(912,467)	(807,967)
As at December 31, 2020		5,504,500	(1,900,000)	(1,013,069)	2,591,431
Units issued	**8**	10,661,590	-	-	10,661,590
Common shares issued	**8**	-	1,900,000	-	1,900,000
Net loss and comprehensive loss		-	-	(733,973)	(733,973)
As at September 30, 2021		**16,166,090**	-	**(1,747,042)**	**14,419,048**

The accompanying notes form an integral part of these condensed interim financial statements

Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.)

Condensed Interim Statements of Cash Flows
(Stated in Canadian Dollars)
For the months ended,
(Unaudited)

	Note	Three months ended September 30, 2021	2020	Nine months ended September 30, 2021	2020
Cash provided by (used in):					
Operating activities					
Net loss		**(306,959)**	(153,474)	**(733,973)**	(203,596)
Depreciation	**4**	**6,262**	5,415	**18,845**	16,244
Changes in non-cash working capital:					
Prepaid expenses and HST receivable		**(56,587)**	-	**(213,380)**	-
Accounts payable and accrued liabilities		**184,345**	122,085	**(155,053)**	131,812
Net cash used in operating activities		**(172,939)**	(25,974)	**(1,083,561)**	(55,540)
Financing Activities					
Proceeds from shareholders		-	310,000	**-**	471,000
Units issuance	**8**	-	**-**	**11,261,590**	**-**
Deposit for units issuance	**7**	**5,000,000**	**-**	**10,561,197**	**-**
Net cash provided by financing activities		**5,000,000**	310,000	**21,822,787**	471,000
Investing Activities					
Purchase of property and equipment	**4**	**-**	(35,135)	**-**	(100,635)
Expenditures on exploration and evaluation assets	**5**	**(2,397,641)**	-	**(2,602,694)**	(62,485)
Net cash used in investing activities		**(2,397,641)**	(35,135)	**(2,602,694)**	(163,120)
Increase in cash		**2,429,420**	248,891	**18,136,532**	252,340
Cash, beginning of period		**17,260,436**	6,569	**1,553,324**	3,120
Cash, end of period		**19,689,856**	255,460	**19,689,856**	255,460

1. Nature of Operations and Going Concern

Canadian North Resources Inc. (formerly Canadian North Resources and Development Corp.) (the "Company") was incorporated on April 18, 2013 under the laws of Ontario, Canada. The Company's principal business activity is the exploration of mineral properties as the Ferguson Lake Project in the Kivalliq Region of Nunavut, Canada. The registered office of the Company is 3F- 299 Courtneypark Dr East, Mississauga, Ontario.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and meet its liabilities as they become due. For the period ended September 30, 2021, the Company incurred a net loss of $733,973 (2020 - $203,596) and had negative cash flows from operations of $1,083,561 (2020 - $55,540). These conditions indicate the existence of a material uncertainty which may cast significant doubt related to the Company's ability to continue as a going concern and therefore may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue as a going concern and therefore be required to realize its assets and liabilities in other than the normal course of business and potentially at amounts materially different from those recorded in these financial statements.

The Company is in the process of exploring its mineral property interests and has not yet determined whether the Ferguson Lake Project contains mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral properties is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral properties, obtaining the necessary permits to mine, and future profitable production or proceeds from the disposition of the mineral properties. Management currently assesses the Company's ability to continue as a going concern using financial forecasts of 12 months to ensure the Company has adequate capital to meet its financial obligations.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

The current challenging economic climate relating to the effect of the Coronavirus (COVID-19) may lead to challenges in managing cash flows and the ability to raise capital.

2. Basis of Presentation

(a) Statement of Compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and comply with IAS 34. These condensed interim financial statements does not include all of the information required of a full audited annual financial statements and it is therefore recommended that these condensed interim financial statements be read in conjunction with the annual financial statements for the year ended December 31, 2020.

These financial statements were approved and authorized for issuance on November 25, 2021 by the Board of Directors.

(b) Basis of Presentation and Measurement

These financial statements have been prepared using the historical cost convention, except for certain financial instruments measured at fair value.

(c) Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

(d) Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. These condensed interim financial statements have been prepared using the same judgments, estimates and assumptions as reported in the Company's December 31, 2020 audited annual financial statements.

3. Significant Accounting Policies

These condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as the annual financial statements for the year ended December 31, 2020 and should be read in conjunction with those annual financial statements and the notes thereto.

(all amounts are expressed in Canadian dollars)

4. Property and Equipment

	Mining equipment
Cost	
Balance, December 31, 2020 and September 30, 2021	318,413

Accumulated Depreciation	
Balance, December 31, 2020	152,114
Depreciation	18,845
Balance, September 30, 2021	170,959
Net Book Value, December, 2020	166,299
Net Book Value, September 30, 2021	147,454

5. Exploration and evaluation assets

Balance, December 31, 2020	2,475,537
Exploration costs	2,602,694
Balance, September 30, 2021	5,078,231

The Exploration expenses were for the major repairs of the field camp and the facilities that was intruded twice and not properly maintained since 2012. The cost mainly consists of,

- $1.3 million purchase of parts and materials and labor for inspection and repairment of the camp site including, repairing the airstrip and camp buildings, maintenance and parts replacements of heavy equipment and vehicles, installation of satellite phone and Internet communication system, repairing all water supplies and drainages systems, and cost of foods and removal of garbage.
- $1.07 million for the purchase of fuel and air shipment of the supplies for the repairs of the camp site and for the planned winter exploration programs.
- $0.2 million charges of professionals, including technicians, mechanics, and engineers to support the independent Qualified Person (QP) to complete his most recent visit and technical checking to update the NI43-101 Technical Report, and the independent consultants to complete the environmental assessment work as required by the Nunavut Government for the maintenance of the licenses, permits and permissions for the operation in the field.

6. Related Party Transactions

The Company has identified directors and senior officers as key management personnel. During the nine months ended September 30, 2021, the Company recognized the following transactions with related parties:

- $18,000 (September 30, 2020 - $18,000) office rent expenses to a company owned by a director of the Company; and,
- $155,667 (September 30, 2020 - $24, 000) management fee to a company owned by a director of the Company; and,
- $116,667 (September 30, 2020 - $0) geological consulting fee to a company owned by a director of the Company; and,
- $18,865 (September 30, 2020 - $0) consulting fee to a company owned by an officer of the Company.

As at September 30, 2021, the amount owing to related parties was $nil (December 31, 2020 – $212,000).

Prior to September 30, 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 a related party to the Company in March 2021.

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

7. Deposits for share subscription

The Company received $8,337,499 from Preference Share Series 1 Shares Private Placement No. 2 subsequent to the first closing on April 30, 2021. The Series 1 Shares and the Series 1 Warrants have not yet been issued.

The Company received $2,223,698 for Special Warrants pursuant to an Offering Memorandum. The price of Special Warrants was $1 per Special Warrant on May 31, 2021. The Special Warrants will be converted to the Common Shares at the ratio 1:1 upon the successful listing of the Company’s common shares on the TSX Venture Exchange.

(all amounts are expressed in Canadian dollars)

8. Share Capital

(a) Authorized
Unlimited number of common shares without nominal or par value.

(b) Issued: common shares and Series 1 Shares/Warrants

	Number of shares	Number of Series 1 warrants	Value
Common shares:			
December 31, 2020	73,150,000	-	5,504,500
Exchanged to Series 1 Shares(i)	(66,280,208)	-	(4,987,519)
September 30, 2021	6,869,792		516,981
Series 1 Shares/Warrants:			
December 31, 2020	-	-	-
Exchanged from common shares (i)	66,280,208	-	4,987,519
Units issuance under Private Placement 1 (ii)	13,333,333	6,666,663	10,000,000
Units issuance under Private Placement 2(iii)	882,120	441,059	661,590
Balance, September 30, 2021	87,365,453	7,107,722	16,166,090

(i) On May 15, 2021, the Company completed the share exchanges, of which 66,280,208 common shares were exchanged for 66,280,208 Series 1 Shares at the ratio of 1:1.

(ii) During the nine-month period ended September 30, 2021, the Company closed the Series 1 Shares Private Placement No. 1 of which $1,300,000 proceeds were received during the year ended December 31, 2020.

(iii) On April 30, 2021, the Company completed the first closing of Series 1 Shares Private Placement No. 2, of 882,120 units consisting of 882,120 Series 1 Shares and 441,059 Series 1 Warrants for gross proceeds of $661,590.

(iv) 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 September 30, 2021 has been applied retrospectively to the loss per share calculation (Note 8 (b)(v).

(all amounts are expressed in Canadian dollars)

8. Share Capital (continued)

(v) The basic and diluted weighted average shares outstanding is calculated as below, with the share numbers reflecting the application of the Series 1 Share conversion (Note 12)

	3 months ended September 30,		**9 months ended September 30,**	
	2021	2020	2021	2020
Opening balance of weighted average number of common shares outstanding	21,085,245	74,965,454	87,365,454	74,965,454
Weighted average common shares exchanged to Series 1 Shares	-	-	(33,504,281)	-
Closing balance of weighted average number of common shares outstanding	**21,085,245**	74,965,454	**53,861,172**	74,965,454

Each Warrant, noted above, entitles the holder to purchase one common share of the Company at a price of $1.50 per share for a period that ends the earlier of (i) June 30, 2022 and (ii) 12 months from the date that common shares of the Company are listed on the TSX Venture Exchange.

9. Financial Instruments and 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 fulfills 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. The promissory note is from parties with good credit worthiness.

(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 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 $19,954,833 (2020 - $1,604,922) to settle obligations of $10,761,470 (2020 - $1,655,326)

9. Financial Instruments and Risk Management (continued)

(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 approximates fair value due to the short-term nature.

10. Capital Management

The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and provide returns for shareholders and to facilitate the development of its core business.

The Company considers cash and shareholders' equity to be capital of the Company. The Company does not have any externally imposed restrictions on its capital and there have been no changes in the Company's approach to capital management from previous years.

11. Stock Based Compensation

(a) Stock Options

The Board may allocate non-transferable options to purchase Common Shares of the Company to Employees, Directors and Consultants. Under the Stock Option Plan, the aggregate number of Common Shares to be delivered upon the exercise of all options granted under the Stock Option Plan shall not exceed 1,818,698 Common Shares as at the time of granting of options. The Company is planning to grant a total of 771,698 Stock Options with the exercise price of $1.00 per Common Share to its Board, Management, Consultants and Advisors.

(b) Warrants

On March 15, 2021, the Company agreed to grant to a consultant warrants to purchase the 100,000 Common Shares at the price of $1.00 per Common Share.

12. Subsequent events

Subsequent September 30, 2021, the Company:

- Received additional $1,000,000 from the Preference Share Series 1 Shares Private Placement No. 2.

- Completed the second closing of Private Placement 2 which consisted of 12,450,000 Series 1 Shares and 6,225,005 Series 1 Warrants. Combined with the first closing of Private Placement 2, the Company issued a total of 13,332,120 units consisting of 13,332,120 Series 1 Shares and 6,666,066 Series 1 Warrants for a total of $9,999,089.

- Converted 92,945,662 Series 1 Shares into 92,945,662 Common Shares, and converted 13,332,737 Series 1 Warrants into 13,332,737 Warrants.

SCHEDULE “D”
INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS

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

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

Introduction

The following Interim Management's Discussion & Analysis ("Interim MD&A") of Canadian North Resources Inc. (the "Company" or "Corporation" or "Canadian North") has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2020. This MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited annual consolidated financial statements of the Company for the years ended December 31, 2020 and December 31, 2019 and the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2021, 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 three and six months ended June 30, 2020 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at February 16, 2022 unless otherwise indicated.

The unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2021, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

For the purposes of preparing this Interim 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 Interim 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 Interim MD&A speak only as of the date of this Interim 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 Interim 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 September 30, 2021, the Company had a net working capital of $9,193,363 (December 31, 2020 – deficit of $50,404). The Company had cash and cash equivalents of $19,689,856 (December 31, 2020 - $1,553,324). Working capital and cash and cash equivalents increased during the nine months ended September 30, 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 September 30, 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.

Mineral Property

<u>The Ferguson Lake Property</u>

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 May 31, 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.

- 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 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.

- Subsequent to September 30, 2021, the Company received additional $1,000,000 from the Preference Share Series 1 Shares Private Placement No. 2.

- 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 September 30, 2021 has been applied retrospectively to the loss per share calculation.

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, lithogeochemcial 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.

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.

Discussion of Operations

Three months ended September 30, 2021 compared with three months ended September 30, 2020

Canadian North's net loss totaled $306,959 for the three months ended September 30 2021, with basic and diluted loss per share of $0.01. This compares with a net loss of $153,474 with basic and diluted loss per share of $0.00 for the three months ended September 30, 2020. The increase of net loss was principally because of

- Increase of management fees to $134,667 during the three months ended September 30, 2021 from $9,000 during the three months ended September 30, 2020. The increased management fee is mainly due to the compensation to the Chairman via a related company, among which, $49,998 was paid for Jul to September of 2021 and $66,664 was reclassified from the category of professional fees. The monthly management fee was also increased from $3,000 to $6,000 per month during the three months ended September 30, 2021 compared to the three months ended September 30, 2020.
- Increase of professional fees to $140,828 during the three months ended September 30, 2021 from $130,075 during the three months ended September 30, 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 September 30, 2020, there were no such expenses, as the listing process had not started.
- Increase of office and general to $35,287 during the three months ended September 30, 2021 from $2,984 during the three months ended September 30, 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.
- Increase of depreciation to $6,262 during the three months ended September 30, 2021 from $5,415 during the three months ended September 30, 2020. This increase was caused by the increase of cost of tools and equipment on the mineral properties of the Company.

<u>Nine months ended September 30, 2021 compared with nine months ended September 30, 2020</u>

Canadian North's net loss totaled $733,973 for the nine months ended September 30, 2021, with basic and diluted loss per share of $0.01. This compares with a net loss of $203,596 with basic and diluted loss per share of $0.00 for the nine months ended September 30, 2020. The increase of net loss was principally because of

- Increase of professional fees to $512,842 during the nine months ended September 30, 2021 from $135,285 during the nine months ended September 30, 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 nine months ended September 30, 2020, there were no such expenses, as the listing process had not started.
- Increase of management fees to $155,667 during the nine months ended September 30, 2021 from $30,371 during the nine months ended September 30, 2020; The increased management fee is mainly due to the compensation to the Chairman via a related company, among which, $49,998 was paid for Jul to September of 2021 and $66,664 was reclassified from the category of professional fees. The monthly management fee was also increased from $3,000 to $6,000 per month during the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020.
- Increase of office and general to $49,068 during the nine months ended September 30, 2021 from $3,336 during the nine months ended September 30, 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.

- Increase of depreciation to $18,845 during the nine months ended September 30, 2021 from $16,244 during the nine months ended September 30, 2020. This increase was caused by the increase of cost of tools and equipment on mineral properties 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 $1,083,561 for the nine months ended September 30, 2021. Operating activities were affected by net loss of $733,973 plus non-cash items of $18,845 of depreciation and the negative change in non-cash working capital balances of $368,433.

Cash provided by financing activities was $21,822,787 for the nine months ended September 30, 2021. Financing activities included $11,261,590 proceeds from shareholders units issuance and $10,561,197 deposit for units issuance.

Cash used in investing activities was $2,602,694 for the nine months ended September 30, 2021 for expenditures on exploration and evaluation assets.

At September 30, 2021, the Company had $19,689,856 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.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative and exploration expenditures and funding of its investment activities. For fiscal 2021, the Company's expected operating expenses are estimated to average $55,000 per month for recurring operating costs. Management may reassess its planned expenditures based on the Company's working capital resources, the scope of work required to advance exploration on its projects and the overall condition of the financial markets.

The Company's working capital is $9,193,363 at September 30, 2021 which 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 period ended September 30, 2021, the Company recognized the following transactions with related parties:
$18,000 (2020 - $18,000) office rent expenses to a company owned by a director of the Company;
$155,667 (2020 - $24,000) management fee to a company owned by a director of the Company;
$116,667 (2020 - $0) geological consulting fee to a company owned by a director of the Company; and
$18,865 (2020 - $0) consulting fee to a company owned by an officer of the Company.

Prior to September 30, 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 a related party to the Company in March 2021.

Transactions with related party are in the usual course of business and initially measured at fair value.

Share Capital

As of the date of this MD&A, the Company had issued and outstanding 99,815,453 common shares and 13,332,717 Warrants.

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's Annual MD&A for the fiscal year ended December 31, 2020.

SCHEDULE "E"

AUDIT COMMITTEE CHARTER

Role and Objectives

The Audit Committee is a committee of the board of directors to which the board of directors has delegated its responsibility for oversight of the financial reporting process and related matters. The objectives of the Audit Committee are as follows:

1. To help directors meet their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters.

2. To provide communication between directors and external auditors.

3. To enhance the external auditor's independence.

4. To increase the credibility and objectivity of financial reports.

5. To strengthen the role of the outside directors by facilitating discussions between directors on the committee, management and external auditors.

Membership of the Audit Committee

1. The Committee shall be comprised of at least 3 directors, and the Committee as a whole shall meet the independence requirements set forth in National Instrument 52-110 – *Audit Committee*.

2. The Committee shall have the power to appoint its chairman, who shall be an independent director.

Meetings

1. At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.

2. A quorum for meetings of the Committee shall be a majority of its members and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the board.

3. Meetings of the Committee should be scheduled to take place at least four times per year. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.

4. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.

5. Minutes of all meetings of the Committee shall be taken.

6. The Committee shall forthwith report the results of the meetings and review undertaken and any associated recommendations to the Board.

Mandate and Responsibilities of the Audit Committee

The Committee shall:

1. recommend to the board of directors the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;

2. recommend to the board of directors the compensation of the external auditor;

3. assume direct responsibility for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;

4. pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor;

5. review the Corporation's financial statements, management discussion & analysis and annual and interim earnings press releases before the Corporation publicly discloses this information;

6. be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure stated immediately above and periodically assess the adequacy of those procedures;

7. establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

8. review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation; and

9. review such other matters of a financial nature as may be directed by the Board from time to time.

CERTIFICATE OF THE CORPORATION

DATED: March 28, 2022

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of Ontario, British Columbia, Alberta and New Brunswick and the regulations thereunder.

(Signed) "*Kaihui Yang*"	(Signed) "*Carmelo Marrelli*"
Kaihui Yang Chief Executive Officer	Carmelo Marrelli Chief Financial Officer

On Behalf of the Board of Directors

(Signed) "*D. Richard Brown*"	(Signed) "*Michael Weeks*"
D. Richard Brown Director	Michael Weeks Director

CERTIFICATE OF THE PROMOTER

DATED: March 28, 2022

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of Ontario, British Columbia, Alberta and New Brunswick and the regulations thereunder.

(Signed) "*Lee Q. Shim*"

Lee Q. Shim