

**CANADIAN NORTH RESOURCES INC.**

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –  
QUARTERLY HIGHLIGHTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2024**

## **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, 2023. This Interim MD&A does not provide a general update to the Annual MD&A, nor 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, 2023, and December 31, 2022, and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024, 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 months ended March 31, 2024, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at May 21, 2024, unless otherwise indicated.

The unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024, 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 refer to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above 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. So, 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 because 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 base metal (nickel, copper, cobalt) and platinum-group metals (PGM, mainly palladium, platinum, and rhodium), all being the critical minerals for high-tech, clean energy, battery, and electric vehicle (EV) industries. The Company currently owns 100% interest in its flagship Ferguson Lake property in the Kivalliq region of southern Nunavut Territory. It is an advanced exploration project that holds palladium, platinum, rhodium, copper, nickel, and cobalt. In addition, the Company also explores at the Mac Island and Quartzite Lake gold prospects, southwest of the Ferguson Lake property in Nunavut.

## **Outlook and Overall Performance**

The Company has no operating revenues, so its ability to ensure continuing operations is dependent on the discovery of economically recoverable reserves and its ability to obtain necessary financing to complete the exploration activities, development, and future profitable production.

On March 31, 2024, the Company had a net working capital of \$4,107,318 (December 31, 2023 –\$5,221,485). The Company had cash and cash equivalents of \$4,749,941 (December 31, 2023 - \$5,540,312). Working capital and cash and cash equivalents decreased during the three months ended March 31, 2024, due to exploration and evaluation expenditures, purchase of property and equipment, payment of lease obligations and general and administrative expenses.

The Company has planned for financing for the year ended December 31, 2024, which includes issuing common shares from private placement. The Company will ensure sufficient capital to meet its ongoing operating expenses and continue to meet its obligations on its current projects for the period ending December 31, 2024. 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 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 in this Interim MD&A.

## **Mineral Properties**

### **The Ferguson Lake Property**

On June 7, 2013, the Company completed the acquisition of the Ferguson Lake Property (“the Property” or “the Ferguson Lake Project”). 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 (96.9 km<sup>2</sup>), and all the mining leases remain active until 2028. Surrounding these mining leases, the Company has staked 11 exploration claims over an area of 15,694.63 hectares (156.9 km<sup>2</sup>).

The ongoing management of the Ferguson Lake Project and the 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 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 encompassing 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, as described in the historical reports. A total of 191,000 metres were drilled in 623 holes mostly on the West Zone and West Extension Zone historically.

### ***Historic Mineral Resource Estimation:***

The Ferguson Lake Project had historically undergone a series of resource estimations which culminated in 2011 with the completion of a Preliminary Economic Assessment (“PEA”) of the Ferguson Lake Property resulting in the filing of a National Instrument 43-101 (“NI43-101”) Independent Technical Report by Roscoe Postle Associates Inc. (“RPA”) for Starfield Resources Inc.

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, litho-geochemical sampling of outcrop and historic drill cores plus ground magnetic and VLF surveys.

In 2021, the Company filed a NI 43-101 Independent Technical Report by Trevor Boyd that provided a thorough review of the historic reports and a summary of the technical work conducted by the Company since 2013. It was concluded that the resource estimate and the PEA filed by RPA in 2011 were outdated, no longer valid and not to be relied upon as being 43-101 compliant. A significant re-evaluation of 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. Drill intersections up to 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.

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In June 2022, the Company announced an updated Mineral Resource estimate for its Ferguson Lake Property. In July 2022, the Company filed the NI43-101 Independent Technical Report on the updated resource estimate for the Ferguson Lake Property, prepared by Ronacher McKenzie Geoscience Inc. and Francis Minerals Ltd., and based on their independent review, verification and modeling of exploration and metallurgical data for the Project.

***Current Mineral Resource Estimation:***

The Company completed core drilling programs in 2021, 2022 and 2023 totalling 39,270 metres in 145 boreholes. The purpose of the drilling was to (1) complete definition drilling of the East and West Zones, (2) test the extensions of the main mineralized zones and to (3) test new targets. Drilling occurred in the West and West Extension zones, the Central Zone on Ferguson Lake, the East Zone as well as the areas of Anomaly 51, Anomaly 51 Extension and the M Zone.

Massive, semi-massive and disseminated sulfide was intersected by numerous drill holes and the mineralization was extended in the east and west of the previously identified, 15-km long main mineralized zone. The drilling also indicated a significant thickening of the host gabbro in the West Zone and West Extension Zone to hundreds of meters thickness. In this zone, the gabbro carries disseminated, semi-massive and massive sulfide mineralization.

Several additional zones, including the M Zone, Anomaly 51 and Anomaly 51 Far Side were tested successfully. The host gabbro is thinner in these zones than in the main zones, however, it still hosts massive, semi-massive and disseminated Cu-Ni-Co-PGE mineralization.

On March 19, 2024, the Company announced the results of the updated Mineral Resource estimation (Table 1) in compliant with NI43-101 Standard for the Ferguson Lake Project. The Mineral Resource model prepared by SRK considers 756 core boreholes (approximately 226,167 metres) drilled by Canadian North and historical operators between 1953 and 2023, and the review of a flotation flowsheet to potentially produce three saleable concentrates. This model is different from the previous models that were based on the hydrometallurgical process with higher metal recoveries but also higher capital and operational costs than the flotation flowsheet.

**Table 1: Mineral Resource Statement\*, Ferguson Lake Project, Nunavut, SRK Consulting (Canada) Inc., March 19, 2024**

**Mineral Resource Statement, Ferguson Lake Project, Canada. SRK Consulting (Canada), March 19, 2024**

Mining Method Category	Tonnes (Mt)	Grade						Material Content					
		NSR (US\$/t)	Cu (%)	Ni (%)	Co (%)	Pd g/t	Pt g/t	Cu (Mlbs)	Ni (Mlbs)	Co (Mlbs)	Pd ('000oz)	Pt ('000oz)	
Open Pit	Indicated	52.7	149	0.65	0.43	0.05	0.97	0.17	755.7	497.2	57.7	1,647	295
	Inferred	4.0	159	0.65	0.50	0.06	0.88	0.17	56.7	43.4	5.3	111	21
Underground	Indicated	13.5	243	1.13	0.61	0.07	1.60	0.29	336.8	181.0	21.6	692	124
	Inferred	21.9	231	1.04	0.60	0.07	1.53	0.26	501.0	289.7	34.4	1,081	184
Total	Indicated	<b>66.1</b>	<b>168</b>	<b>0.75</b>	<b>0.47</b>	<b>0.05</b>	<b>1.10</b>	<b>0.19</b>	<b>1,092.5</b>	<b>678.2</b>	<b>79.3</b>	<b>2,340</b>	<b>419</b>
	Inferred	<b>25.9</b>	<b>220</b>	<b>0.98</b>	<b>0.58</b>	<b>0.07</b>	<b>1.43</b>	<b>0.25</b>	<b>557.8</b>	<b>333.1</b>	<b>39.6</b>	<b>1,192</b>	<b>205</b>

**\*Mineral Resource Estimation Notes**

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- The Mineral Resource estimation work including construction of geological solids, grade estimation, associated sensitivity analyses, and Mineral Resource classification was completed by Joycelyn Smith, P.Geo. (PGO#2963), under supervision of Mr. Glen Cole, P.Geo. (PGO#1416), an appropriate independent Qualified Person as this term is defined in National Instrument 43-101.
- The Mineral Resources have been estimated in conformity with generally accepted Canadian Institute of Mining (CIM) *Estimation of Mineral Resource and Mineral Reserves Best Practices Guidelines* (November 2019) and are reported in accordance with the Canadian Securities Administrators' National Instrument (NI) 43-101.
- Mineral Resources are not Mineral Reserves and have not demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate.
- A total of 18 massive sulphide and two low-sulphide platinum group element (LSPGE) domains were modeled within an overall host gabbroic intrusion to constrain the mineralization.
- The Mineral Resources for the Ferguson Lake Project are estimated based 756 boreholes (approximately 226,167 metres) as of November 2, 2023, including 129 boreholes (approximately 35,775 meters) added to the deposit model out of the 39,270 metres completed since the previous Mineral Resource update as on June 13, 2022 (refer to "Independent Technical Report, Updated Mineral Resource Estimate, Ferguson Lake Project, Nunavut, Canada, Prepared by Ronacher McKenzie Geoscience Inc. and Francis Minerals Ltd " filed by the Company to Sedar.com on July 13, 2022).
- All composites have been capped where appropriate.
- The Mineral Resources for the Ferguson Lake Project were estimated using Leapfrog Edge™ software. The estimation parameters consider 3 passes estimated by Ordinary Kriging with progressively relaxed criteria, including a requirement of 3-4 boreholes in the first pass, 2-3 boreholes in the second pass and at least 4 composites in the third pass. Massive sulphide domains were estimated with hard boundaries, and LSPGE domains were estimated with limited (10m) soft boundaries.
- The block classification strategy considers drillhole spacing, geologic confidence and continuity of category. Indicated Mineral Resources were defined for blocks inside geological resource solids estimated within the first two passes and having a nominal drillholes spacing less than 150 metres. Classification results were smoothed to improve continuity.
- Mineral Resources are reported in relation to a conceptual pit shell and underground mining shapes. Open pit Mineral Resources include all blocks inside the conceptual shell. Underground mineral resources include blocks not meeting open pit reporting requirements contained within conceptual mining shapes.
- Open pit Mineral Resources are reported at a NSR cut-off value of US\$33.00 and underground Mineral Resources are reported at a NSR cut-off value of US\$96.00. Cut-off values are based on a price of US\$4.00 per pound of copper, US\$9.00 per pound of nickel, US\$22.00 per pound of cobalt, US\$1,250 per ounce of palladium, and US\$1,150 per ounce of platinum, and recoveries of 95 percent for copper, 51 percent for nickel, 89 percent for cobalt, 76 percent for palladium and 60 percent for platinum for massive sulphide material, and 78 percent for copper, 29 percent for nickel, 48 percent for cobalt, 60 percent for palladium and 70 percent for platinum for LSPGE material, for open pit and underground resources.
- The reported Mineral Resource is inclusive of East, Central and West zones along the 15km-long main mineralized horizon.

**Mac Island and Quartzite Lake Prospects:**

The Company staked the exploration claims at Kaminak and Quartzite Lake area. The Mac Island prospect is part of the 29.2 km<sup>2</sup> Kaminak exploration claims, with gold showings identified on outcrops. The Quartzite Lake prospect is found with multiple occurrences of gold-copper on outcrops over an area of the 50.3 km<sup>2</sup> exploration claims. Quartzite Lake is adjacent to the Kaminak area, located about 120 km southwest of Rankin Inlet. The mineralization is associated with shears and quartz veining hosted in mafic volcanics within the 400



km long greenstone belt that hosts several gold and copper deposits such as the Meliadine gold mine (operated by Agnico Eagles).

### **Corporate Highlights**

- January 2, 2024, the Company reported the results from the processing of Borehole Time-Domain Electromagnetic (BHTEM) surveys from deep West Zone drillholes FL22-481A and FL23-481B completed at its 100% owned Ferguson Lake Project. The results demonstrate the continuance of the West Zone greater than 200 metres beyond the historically defined down-dip drilled extent of the zone and show its open potential for continued expansion both laterally and further down-dip at depths of 650 to >800 metres. The Company also announced that Dr. Trevor Boyd was retired from the VP Exploration and would continue to be a Technical Advisor and QP for the Company.
- January 18, 2024, the Company announced that its IR team would attend the Vancouver Resource Investment Conference (the VRIC) in Vancouver on January 21-22, 2024. During and after the VRIC, the IR team would do the roadshows to the investors in Vancouver.
- February 27, 2024, the Company announced that its participation in the Prospectors and Developers Association of Canada (PDAC) in Toronto on March 3-6, 2024. Dr. Kaihui Yang, the President and CEO was invited to present an overview of the Company and its Ferguson Lake project at the Corporate Presentation Forum for Investors ("CPFI"). During and after the PDAC, the IR team would do the roadshows to the investors in Toronto.
- March 19, 2024, the Company announced an updated Mineral Resource estimate for its 100% owned Ferguson Lake project. The updated Mineral Resources includes (1) a 172% increase of Indicated Mineral Resources to 66.1 million tonnes (Mt) containing 1,093 million pounds (Mlb) copper at 0.75%, 678Mlb nickel at 0.47%, 79Mlb cobalt at 0.05%, 2.34 million ounces (Moz) palladium at 1.10 g/t and 0.42Moz platinum at 0.19 g/t, of which 80% is the Open pit Indicated Mineral Resources with 52.7Mt at 0.65% Cu, 0.43% Ni, 0.05% Co, 0.97g/t Pd and 0.17% Pt; (2) an Inferred Mineral Resources of 25.9Mt containing 558Mlb copper at 0.98%, 333Mlb nickel at 0.58%, 40Mlb cobalt at 0.07%, 1.12Moz palladium at 1.43 g/t and 0.21Moz platinum at 0.25 g/t. The updated Mineral Resource Model shows the Successful major upgrade of Mineral Resource tonnages from Inferred to Indicated category combined with continued expansion of overall Mineral Resource size along strike and down / up dip, and the potential for continued Mineral Resource expansion along strike and at depth over the 15 km long main mineralized horizon and within the open satellite mineralized zones.
- March 21, 2024, the Company announced the amendment on the exercise price of options to purchase a total of 1,600,000 Common Shares from \$2.45 to \$1.70 per share, for options previously granted to consultants to the Corporation.

### **Subsequent Events:**

- April 3, 2024, the Company provided an update of the metallurgical test programs. Metallurgical flotation test results indicate the reasonable probability of producing three payable copper, nickel and PGM bearing concentrates from the various types of mineralized materials that comprise its National instrument 43-101 Mineral Resource of the Ferguson Lake Project, suggesting a potential low-capital cost option for the project development. Alternatively, hydrometallurgy is considered as an effective option albeit with higher capital and operating cost. The Company will focus on follow-up investigations using new technologies for metal extraction.

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- April 8, 2024, the Company announced that it has filed with the TSX Venture Exchange a Notice of Intention to Make a Normal Course Issuer Bid (“NCIB”) which is proposed to commence on April 10, 2024 and terminate on April 9, 2025 or the earlier of the date all shares which are subject to the Normal Course Issuer Bid are purchased. In the opinion of the Board of Directors of the Company, the market price of the Common Shares does not accurately reflect the value of those shares. As a result, the Company intends to repurchase CNRI’s Common Shares that may become available for purchase at prices, which make them an appropriate use of funds of the Company. The Company intends to attempt to acquire up to an aggregate of 5,726,380 of its Common Shares over the next 12-month period, representing approximately 5% of the issued and outstanding Common Shares of CNRI.
- April 24, the Company filed the annual financial results and operational updates for 2023. During the year, the Company raised over \$17 million for exploration, with cash and cash equivalents of \$5,540,312 at the year end. The Company completed aggressive exploration programs with 21,126 meters in 47 holes drilled, add results of 39,270 meters in 145 holes of new diamond drilling to the project database for the updated Mineral Resources estimation reported on March 19, 2024. The statement of the updated Mineral Resources that demonstrates the Ferguson Lake project is one of the highest-grade and largest undeveloped critical mineral projects in North America. The Company planned to continue drilling to expand the mineral resources and to conduct follow-up metallurgical testing, commence economic evaluation and infrastructure and environmental studies for a low-carbon footprint mine development plan at the Ferguson Lake Project.
- May 6, the Company filed the Independent Technical Report on the Mineral Resources Estimation for the Ferguson Lake project. The Technical Report supports the definition of the large and high-grade Mineral Resource at the Ferguson Lake Project, including 52.7Mt of high-grade open pit Indicated Mineral Resources at 0.65% Cu, 0.43% Ni, 0.05% Co, 0.97g/t Pd and 0.17% Pt, which provides a solid Mineral Resource base for the initial development of a potential large mine. Mineral Resources are estimated for West, Central and East Zones along the 15km-long main mineralized horizon. The Mineral Resource model indicates potential for continued Mineral Resource expansion along strike and at depth over the mineralized horizon. Significant resource upside potential outside the main mineralized zone is anticipated when sufficient grid definition drilling is completed on additional zones including M-Zone, A51-Zone, A51 Far Side Zone, West Zone South and South Discovery Zone.

## **Results of Exploration Programs**

### **Ferguson Lake Project**

#### **Mineral Resources Update:**

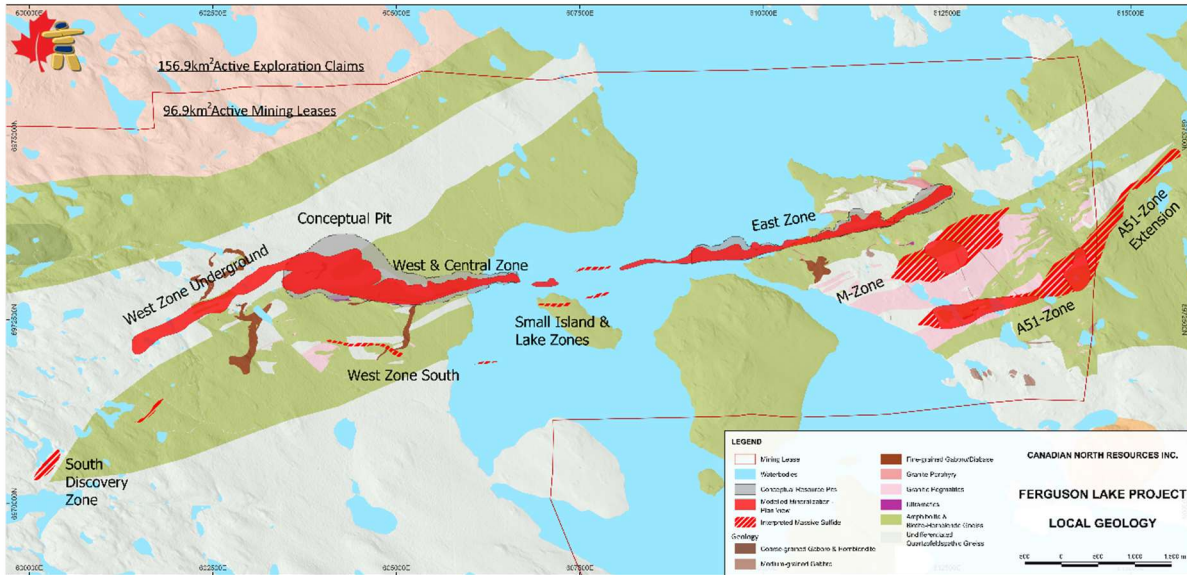
On May 3, 2024, the Company filed its National Instrument 43-101 Technical Report, entitled “Independent Technical Report on the Mineral Resource Estimate for the Ferguson Lake Project, Nunavut, Canada (“the Technical Report”)", prepared by SRK Consulting and Ronacher McKenzie Geoscience Inc., effective March 19, 2024, on SEDAR at <http://www.sedar+.com>. The Technical Report has also been posted on the Company’s website at [www.cnresources.com](http://www.cnresources.com).

The main conclusions of the NI43-101 Technical Report are summarized below:

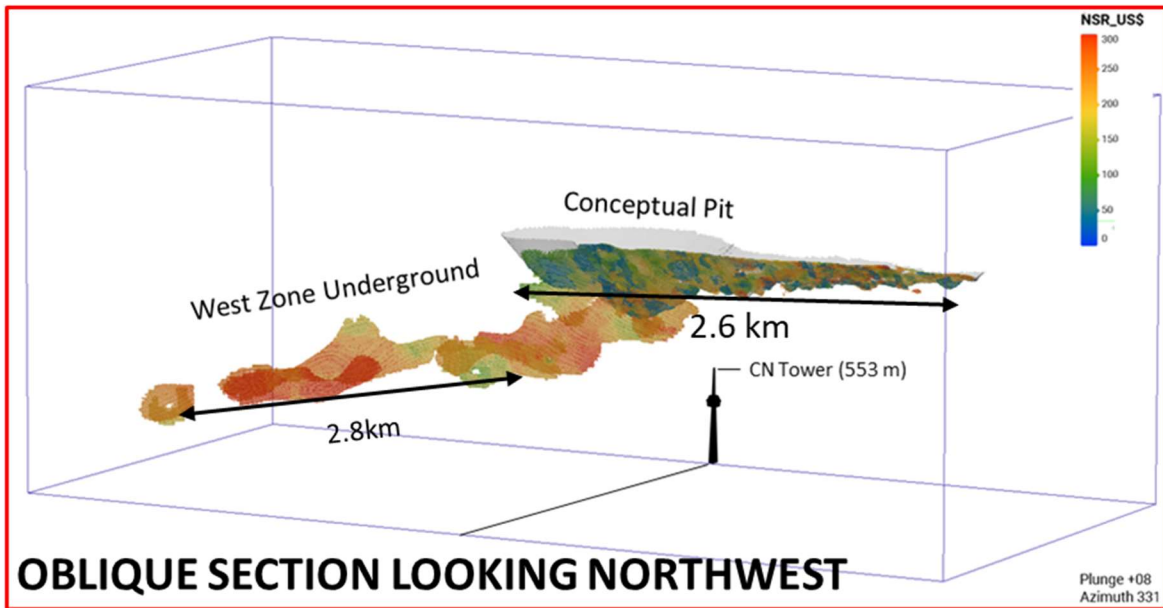
- The Technical Report supports the definition of the large and high-grade Mineral Resource at the Ferguson Lake Project (Table 1), including 52.7Mt of high-grade open pit Indicated Mineral Resources at 0.65% Cu, 0.43% Ni, 0.05% Co, 0.97g/t Pd and 0.17% Pt, which provides a solid Mineral Resource base for the initial development of a potential large mine.



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**Figure 1a: Geological Map showing Mineralization Zones. The Mineral Resources incorporate West, Central and East Zones.**



**Figure 1b, the 3D model of the mineral resources for the West and Central Zones of the Ferguson Lake Project**

- Mineral Resources are estimated for West, Central and East Zones along the 15km-long main mineralized horizon (Figure 1a, b). The Mineral Resource model indicates potential for continued Mineral Resource expansion along strike and at depth over the mineralized horizon.
- Significant resource upside potential outside the main mineralized zone is anticipated when sufficient grid definition drilling is completed on additional zones including M-Zone, A51-Zone, A51 Far Side Zone, West Zone South and South Discovery Zone (Figure 1a).
- The Mineral Resources were estimated based on the flotation-gravity flowsheet, a low-capital cost option for the potential mine development with lower metal recoveries (refer to the Notes below) than hydrometallurgy. The results of hydrometallurgical tests demonstrated much higher recoveries for copper, nickel, cobalt, palladium and platinum. Alternatively, the hydrometallurgy could be a technically highly effective option for the mine development of the Ferguson Lake Project, albeit with potentially higher capital and operating costs.
- The NSR values of the Mineral Resources are sensitive to the metallurgical processing methods. Compared to the flotation-gravity flowsheet, the hydrometallurgical process with very high recoveries of metals significantly increases the NSR values of the Mineral Resources, but was not considered for this study due to the higher cut-off values associated with hydrometallurgical processes.
- Mineral Resources are primarily modelled on the occurrence of massive or semi-massive sulphide (MS) as a lithological type, with a total of 18 massive sulphide and 2 low-sulphide PGE domains (LSPGE). Overall, the total volume of the massive sulphide mineralized zones increased by 25% in comparison with a prior 2022 model.
- The MS domains were modeled based on logging criteria and the nickel and copper assays  $>1\%$  Ni + Cu. The LSPGE domains were modeled with Pd + Pt  $> 1$  g/t.
- Rhodium, gold and silver are not included in the resource modeling due to no systematically collected assay results, although there are significant local assay values in mineralized zones.
- All the Mineral Resources were established within the mining leases. The Project covers an area of 253.8 km<sup>2</sup>, including 96.9 km<sup>2</sup> of mining leases and 124 km<sup>2</sup> of exploration claims. This land package covers all the known base metals and PGM mineralized zones and outcrops at the Ferguson Lake area. Drilling and surface programs are being carried out over the area.
- Significant technical programs with an estimated budget of over \$46 million are recommended for the exploration and expansion of Mineral Resources, follow-up metallurgical tests and development and environmental baseline studies at the Ferguson Lake Project.

**Drilling Results:**

In 2022, a total of 18,144 meters have been drilled in 68 holes to infill or step out from the historic holes that were previously drilled in the West Zone and the East Zone. The mineralized horizon hosting significant metal grades and widths ( $>2.5$  meters) has been intersected in 62 out of the 68 holes. All the holes hit the mineralized zones as expected, confirming that the mineralized zones extend along strike and at depth beyond the presently defined resource boundaries for a total potential extension of the zones of approximately 1,500 metres. The assay results (refer to the news releases on September 12, 2022 and February 21, 2023)

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will be added to the dataset to expand the block model and to update the Mineral Resource estimate that was announced on June 13, 2022 (Refer to “Independent Technical Report, Updated Mineral Resource Estimate, Ferguson Lake Project, Nunavut, Canada, June 13, 2022, Prepared by Elisabeth Ronacher and Jamie Lavigne.” filed by the Company to Sedar.com).

In 2023, the Company completed 21,126 metres of diamond drilling in 78 holes defining and/or upgrading potential volumes of mineral resources along strike to the west extension from the West Zone, the east extension from the East Zone and the extensions of both East and West Zones into Ferguson Lake, and testing satellite mineralized horizons named the M-Zone, Anomaly-51 Zone and its east extension. The drillhole locations and highlights for the 2023 field program are shown in Figure 2.

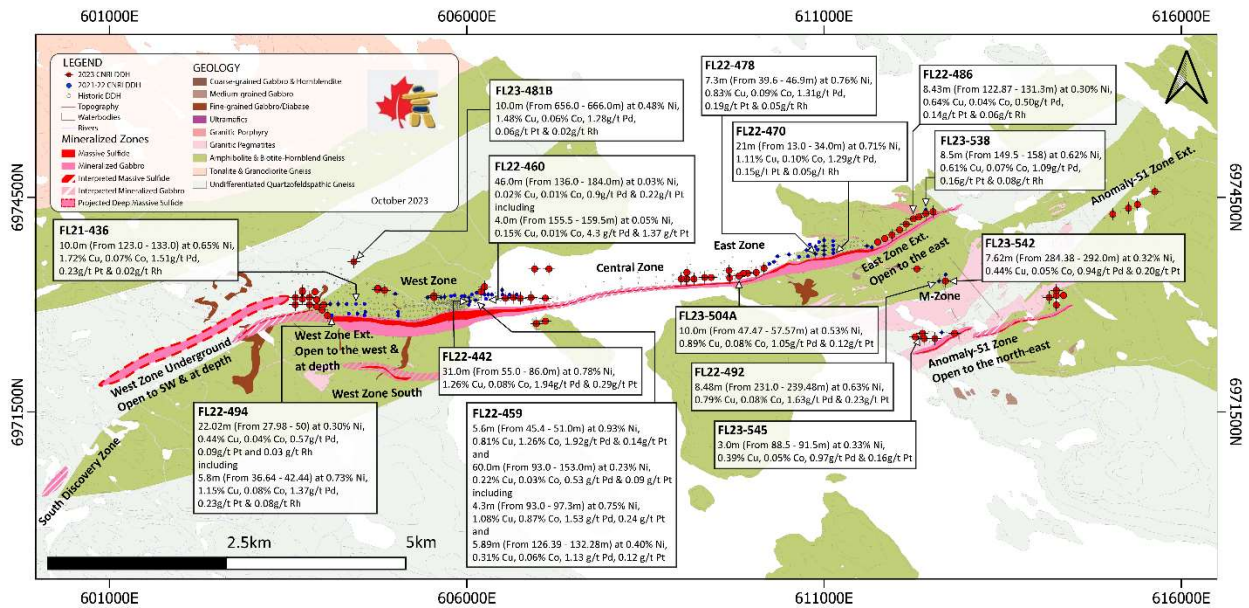


Figure 2: Ferguson Lake Project – mineralized intersections of selected diamond drill holes completed by the Company to 2023.

The Company as well conducted the reprocessing and modelling of historic geophysical electromagnetic UTEM, VTEM, borehole TDEM survey data which aided in the drill targeting during the summer program, as well as successfully completing new borehole TDEM surveys on selected deep drillholes. In addition, surface sampling was completed on selected outcrop on the project site.

The assay results from drill programs to-date confirm the near-surface base metal and PGM massive sulfide zones and the underlying PGM-enriched low sulfide zones. The near-surface sulfide zones are massive sulfide, semi-massive sulfide and disseminated sulfide intervals, with variable intersections of up to 42 metres downhole and individual sample grades of up to 10.0% copper, 1.81% nickel, 0.40% cobalt, 2.45g/t palladium, 0.50g/t platinum, 0.19g/t rhodium, and 2.1g/t gold, and 49 g/t silver. Gold, silver and rhodium are intermittently enriched along the mineralization zones in the vicinity of ultramafic rocks.

The underlying PGM-enriched low-sulfide mineralization contains variable intersections of up to 36 metres downhole and individual sample grades of PGM of up to 8.65g/t palladium and 4.43g/t platinum. Copper and



nickel are low in general for this type of mineralization but enriched in multiple thin layers usually <2.5 meters, of massive or semi-massive sulfide within the thick PGM-mineralized intersections.

**Newly identified Mineralized Areas (Figure 3)**

Within the Ferguson Lake Project, surface sampling has focused on the gossan outcrops over a large area (156.9 km<sup>2</sup> exploration claims) surrounding the 96.9 km<sup>2</sup> mining leases. Since 2013, a total of 353 samples have been collected from the mineralized outcrops over the area. The assay results of the surface rock samples indicate at least five new nickel-copper-PGM mineralized areas outside the known 15-km long mineralized horizon as illustrated in Figure 3 (refer to the Company's website [www.cnresources.com](http://www.cnresources.com) for more details). All the newly found mineralized zones report anomalous individual sample values of nickel (up to 0.99%), copper (up to 5.0%), cobalt (up to 0.15%), palladium (up to 2.70g/t), platinum (up to 0.62g/t) and gold (up to 1.14g/t). Geologically, the mineralized outcrops are the metamorphosed mafic and ultramafic rocks like the host rocks of the mineral resources established for the known 15km-long mineralized horizon. These encouraging results were followed up with additional sampling and drill tests in 2023, and the results indicate the similar sulfide mineralization extend further to the east from the East Extension and Anomaly-51 Zones on the Company exploration claims..

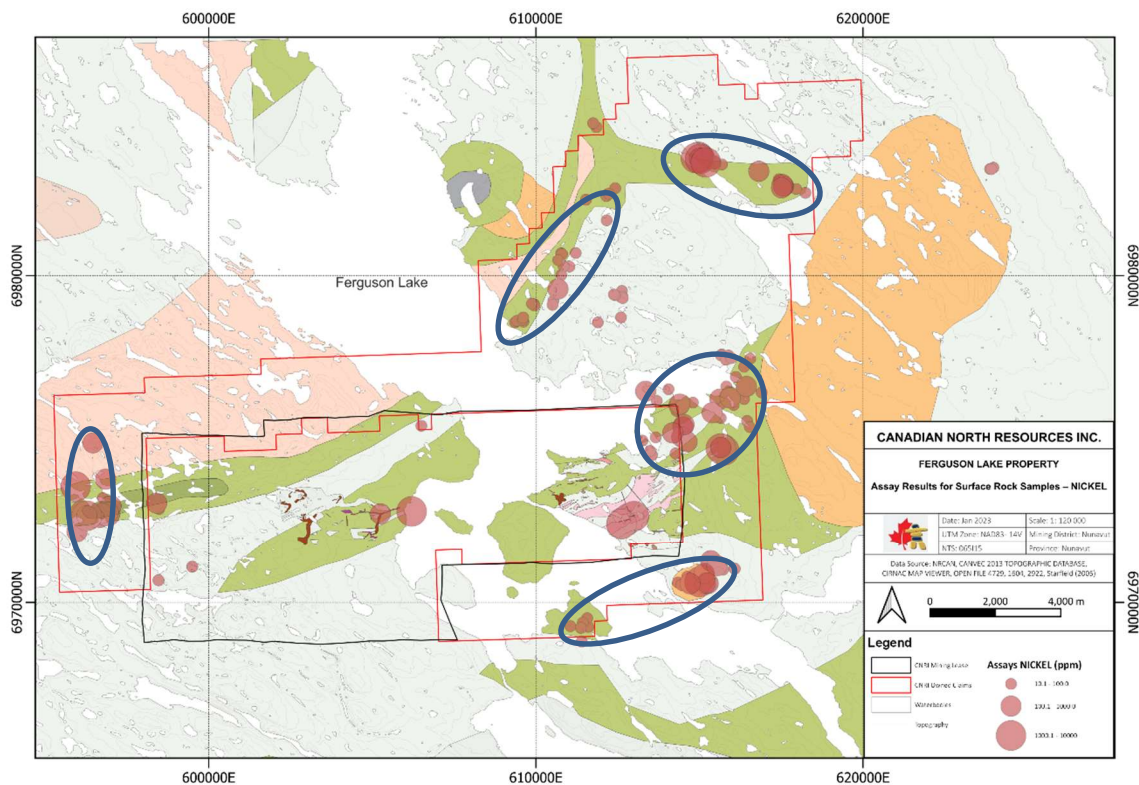


Figure 3 New Nickel-copper-PGM mineralized areas identified from the outcrop samples at Ferguson Lake Project

### **Mac Island and Quartzite Lake Prospects:**

The 2022 surface sampling programs were completed with a total of 194 samples collected from the outcrops at the Mac Island prospect and Quartzite Lake Project. The assay results of the outcrop samples indicate gold mineralization at the Mac Island prospect in the 29.2 km<sup>2</sup> Kaminak claims area. Gold mineralization occurs as quartz-carbonate-sulfide veins associated with sericitized and sheared mafic volcanics and can be traced over an area of 600 meters by 600 meters, with values of up to 52.5g/t gold from grab samples. Within the 50.3 km<sup>2</sup> Quartzite Lake claims, multiple copper and gold mineralized outcrops are found over the property, with up to 0.62% copper and 0.74g/t gold as well as anomalous silver (up to 81.3g/t) lead and zinc values. The mineralization is associated with quartz veining and shears hosted by Archean mafic volcanics within the 400 km long Ennadai-Rankin greenstone belt that contain several historic gold and copper deposits and showings including the Meliadine gold mine (operated by Agnico Eagles).

### **Working Programs Planned**

The Company plans in future exploration seasons to expand the resource by diamond-drilling exploration for high-grade PGM and base metal zones testing open zones along strike and down-dip within the West and East zones along the main mineralized horizon and testing newly defined mineralized satellite horizons to the south and east. The Company will as well expand metallurgical testing, complete community consultations, environmental monitoring and permit applications, as it advances the project towards pre-feasibility studies. The proposed work program includes:

- Core drilling at the East, Central, West and satellite zones including mob-demob, support and camp costs, helicopter and fixed wing transportation and analyses. Includes geotechnical, delineation and exploration types of drilling.
- Community and government consultations and engagement including presentations, permitting, project assessment and desktop/field survey of project all-weather road access and port infrastructure options, salaries, travel, field support, professional contracting and management.
- Validation and update of baseline environmental studies and continuing monitoring including, wildlife, terrain, aquatic, fisheries, archaeology, heritage including professional services, travel, infrastructure support, field work and reporting.
- Airborne Lidar and detailed satellite imagery for project and regional area to support field survey work.
- Continuing metallurgical and grind testing and mineralogy studies assessing flotation and hydrometallurgical treatment options, including pilot testing.
- Geotechnical studies and collection of surface bulk mineralized material.
- Update Mineral Resource model, mine and infrastructure engineering design and studies, gap analyses studies, economic analyses and preparation of prefeasibility study. Includes site technical surveys, professional consultations and assessments.
- Repair, maintenance, preparation, enlarge, replace and re-supply of Ferguson Lake camp with equipment and fuels for each field season including disposal of waste materials and ongoing remediation of project site.

These work plans have been scheduled from 2021 with expectations for exploration and definition drilling, environmental field studies, metallurgical testing, and development activities into 2024 and beyond.

### **Metallurgical Testing:**

A considerable amount of testwork has been conducted on Ferguson Lake samples since 2001, with the majority focussing on a hydrometallurgical flowsheet option for the Massive Sulphide (MS) zone. Hydromet testing is discussed at length in the 2011 PEA report (Starfield, 2011) as well as the recent Canadian North Resources MRE report (CNRI, 2022).

Historic metallurgical tests were conducted on massive sulfide samples and only recovered copper, nickel and cobalt, not palladium or platinum. 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 a dry enclosed 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.

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 an improved bulk Cu/Ni concentrate (10.1% copper + nickel) with much lower overall recoveries of up to 98% copper, up to 61% nickel, up to 55% cobalt, and 35-75% Pd+Pt.

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. In summary, the Company has conducted initial metallurgical tests for the recoveries of base metals and PGM from massive sulfides, which has indicated high recoveries of base metals (87-99%) and PGM (90-95%) using combined flotation and hydrometallurgical methods (ref. NI43-101 Technical Report dated July 18, 2021, filed on Sedar.com or www.cnresources.com).

During 2023, more metallurgical testing was carried out by the Company for a variety of lower sulphide mineralized domains on the property including PGM enriched disseminated low-sulfide type material at Ferguson Lake.

In September 2023, the Company contracted SRK Consulting Inc. to complete an independent update technical review and Mineral Resource estimation of the Ferguson Lake Project for which a site visit and field evaluation by their Qualified Persons was completed during that month.

For this technical report update, XPS Consulting were engaged by CNRI to review historical testwork and recommend suitable metal recoveries for a flotation-only flowsheet. XPS recommended including a gravity concentrate (for PGM recovery) in addition to copper and nickel flotation concentrates already tested for by SGS.



In 2016, SGS investigated options for the selective flotation of copper, nickel and PGMs from two MS samples of Ferguson Lake material. This was continued in 2023 when two samples of low grade (LG) material representing “stringer” and “low sulphide” zones were tested.

Considering the very high pyrrhotite to pentlandite nickel mineralogy reported by SGS in their 2016 report, XPS recommended a revised proposed flowsheet with the goal to produce three saleable Cu, Ni and PGE enriched concentrates: using flotation-gravity methodologies. Base and precious/platinum group metal recoveries were estimated for MS and LG zone materials using this proposed flowsheet which was incorporated in the Mineral Resource Estimate update.

In 2024, the Company plans to conduct follow-up flotation tests to determine a feasible flowsheet for the production of the three saleable concentrates as XPS recommended. The Company will also expand the hydrometallurgical tests, including bio-hydrometallurgy, for the low-carbon footprint development of a producing mine at Ferguson Lake.

## **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 favorable 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.

Apart from 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.

## **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 Interim 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, 2023, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

## **Discussion of Operations**

For the three months ended March 31, 2024, compared with the three months ended March 31, 2023:

Canadian North's net loss before tax totaled \$1,022,990 for the three months ended March 31, 2024, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$335,735 with basic and diluted loss per share of \$0.00 for the three months ended March 31, 2023. The increase of net loss was principally because of:

- Increase of office and general to \$603,081 during the three months ended March 31, 2024, from \$277,600 during the three months ended March 31, 2023.
- Increase of professional fees to \$135,224 during the three months ended March 31, 2024 from \$119,138 during the three months ended March 31, 2023.
- Increase of accretion of lease liabilities to \$48,995 during the three months ended March 31, 2024, from \$nil during the three months ended March 31, 2023.
- Increase of share-based compensation to \$219,699 during the three months ended March 31, 2024, from \$98,228 during the three months ended March 31, 2023.
- Increase of depreciation to \$25,549 during the three months ended March 31, 2024, from \$22,473 during the three months ended March 31, 2023.
- Decrease of flow-through share premium to \$nil during the three months ended March 31, 2024 from \$192,920 during the three months ended March 31, 2023.

The above increases of expenses and decreases of income were offset by below increase of income:

- Increase of interest income to \$44,058 during the three months ended March 31, 2024 from \$23,284 during the three months ended March 31, 2023.

## **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 \$414,349 for the three months ended March 31, 2024. Operating activities were affected by net loss before tax of \$1,022,990 plus non-cash items of \$25,549 of depreciation, \$219,699 share-based compensation, and accretion of lease liabilities of \$48,995 and add the positive change in non-cash working capital balances of \$314,398.

Cash used in investing activities was \$278,270 for the three months ended March 31, 2024, for expenditures on exploration and evaluation assets of \$278,270.

Cash used in financing activities was \$97,752 for the three months ended March 31, 2024, which includes repayment of lease obligation of \$279,450 and proceeds from exercise of stock options of \$181,698.

On March 31, 2024, the Company had \$4,749,941 in cash (December 31, 2023 - \$5,540,312).

**CANADIAN NORTH RESOURCES INC.**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**For the Three Months Ended March 31, 2024**  
**Dated May 21, 2024**

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.

Below table represents the comparison of budget and actual spending during the three months ended March 31, 2024:

<b>Principal purposes:</b>	<b>Budget</b>	<b>Actual</b>	<b>Remaining to be spent (over-budget)</b>
To pay the estimated cost of the recommended exploration program	\$21,395,000 <sup>(1)</sup>	538,466	20,856,534
Australia dual listing cost	\$500,000	Nil	500,000
Legal cost	\$644,680 <sup>(2)</sup>	36,871	607,809
Operating expenses	\$3,034,340 <sup>(3)</sup>	784,929	2,249,411
<b>Estimated total funds used:</b>	<b>\$25,574,020</b>	<b>1,360,266</b>	<b>24,213,754</b>

(1) The budget for exploration program will subject to the funds raised in year 2024.

(2) The detailed items of the legal cost in the budget over 12 months are comprised of (a) Lawyer services cost of \$320,000; (b) TSXV-listing related charge of \$140,000; (c) OTCQX cost of \$34,680; (d) filing cost of \$100,000; (e) financing cost of \$30,000 and (f) other services cost of \$20,000.

(3) The detailed items of the operating activities in the budget over 12 months ending December 31, 2024 are comprised of (a) investor relationship \$60,000; (b) public relation \$204,000; (c) conference and tradeshow \$200,000; (d) strategic management services \$1,500,000; (e) management fees of \$72,000; (f) professional fees of \$85,000; (g) office rent of \$66,000; (h) compensation for management and consultants of \$256,340; (i) insurance policy premium of \$41,000; (j) payroll cost of \$150,000; (k) travelling cost of \$250,000 and (l) office and general of \$150,000. These discretionary activities do have considerable scope for flexibility in terms of the amount and timing of expenditure, and expenditures may be adjusted accordingly.

The Company's working capital of \$4,107,318 on March 31, 2024, is comprised of current assets less accounts payable and accrued 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 because of a downturn in stock market conditions generally or because 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 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 three months ended March 31, 2024, the Company recognized the following transactions with related parties:

- \$16,500 (2023 - \$16,500) office rental expenses paid to a company owned by a director of the Company.
- \$18,000 (2023 - \$18,000) management fee paid to a company owned by a director of the Company.
- \$80,000 (2023 - \$50,000) geological consulting fee paid to a company owned by a director of the Company.
- \$15,025 (2023 - \$19,906) professional fees paid to companies owned by officer of the Company.
- \$339,129 (2023 - \$353,247) logistics costs and equipment rental costs paid to company owned by a shareholder of the Company.

As at March 31, 2024, the amount of deposit paid to a related party for the two rigs was \$500,000 (2023 – \$500,000) and was included in prepaid expenses.

- As at March 31, 2024, the amount owing to related parties was \$3,461 (2023 – \$122,160) and included in accounts payable. The amount owing to related parties are non-interest bearing, unsecured and due on demand.
- Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

## **Share Capital**

As of the date of this Interim MD&A, the Company had issued and outstanding 114,527,617 common shares, and 6,149,825 stock options.

## **Commitment**

Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada). As at March 31, 2024, the Company is committed to incurring approximately \$638,052 in qualifying exploration expenditures in Canada by December 31, 2024.

## **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, 2023.