



## **Management Discussion and Analysis (“MD&A”) For the Three Months Ended March 31, 2026**

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### **INTRODUCTION**

Canasil Resources Inc. (“Canasil” or the “Company”) is a mineral exploration company listed under the trading symbol “CLZ” on the TSX Venture Exchange (“TSX-V”). The Company was reinstated for trading on the TSX-V on September 25, 2025 after a full revocation of the Cease Trade Order (CTO).

The Company has been engaged in the exploration and development of mineral properties with prospects for silver, gold, copper, zinc and lead in Durango and Zacatecas States, Mexico, and in British Columbia, Canada, and holds a number of mineral claims in these jurisdictions.

This Management’s Discussion and Analysis (“MD&A”) is dated May 26, 2026 and provides information on the Company’s activities for the three months ended March 31, 2026, and subsequent activity to the date of this report. Consequently, this MD&A should be read in conjunction with the Company’s March 31, 2026 condensed interim consolidated financial statements which were prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34. The Company should also refer to the audited December 31, 2025 financial statement which were prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) using those standards in effect for the reporting year ended December 31, 2025.

### **CAUTIONARY NOTE AND FORWARD-LOOKING INFORMATION**

Certain statements made and information contained in this MD&A and elsewhere constitute “forward-looking information” within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits, the possibility that future exploration, development results will not be consistent with the Company’s expectations, accidents, equipment breakdowns, title matters and surface access, labour disputes, the potential for delays in exploration activities, the potential for unexpected costs and expenses, commodity price fluctuations, currency fluctuations, failure to obtain adequate financing on a timely basis and other risks and uncertainties, including those described under Risk Factors in each management discussion and analysis. In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of precious and base metals, that the Company will receive required permits and access to surface rights, that the Company can access financing, appropriate equipment, sufficient labour and subcontractors, and that the political environment within the Company’s operating jurisdictions will continue to support the development of environmentally safe mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

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## **OVERVIEW AND UPDATE**

The Company has been actively pursuing advancing its mineral exploration projects since re-instatement of trading in September 2025. In January 2026 the Company completed a private placement of \$500,000 through the issuance of 10 Million shares at \$0.05, the maximum allowed under the TSX-NEX rules under which the Company operated following re-instatement of trading. This strengthened the Company’s working capital position and in early February 2026 the Company received the \$400,000 annual option payments under its Brenda property option agreement with Amarc Resources Ltd. (“Amarc”), which is now operated by the AuRORA Joint Venture (“AuRORA JV”) between Freeport-McMoRan Mineral Properties Canada Inc. (“Freeport”) and Amarc. In February 2026 the Company also received \$100,000 from the exercise of 2 Million options at \$0.05. The total \$1,000,000 in new funding received in January and February 2026 together with active exploration plans including a proposed 2,450 metre drill program on the Company’s Vizcaino gold-silver project in Durango, Mexico, satisfied the Exchange conditions for reinstatement to TSX-V Tier 2 on February 9, 2026. As a result, the Company can resume normal funding and operations as before without the NEX restrictions. This is a very positive development and means the Company can now move forward with implementing its plans to advance its mineral exploration projects.

The Brenda property option agreement with Amarc operated by the AuRORA JV provided a cornerstone for the Company’s operations during the period. The \$400,000 annual option payment received on February 4, 2026, confirmed the advance of the agreement to a second year and the increase of the option exercise price to \$9 Million from the initial \$8 Million. The Brenda property located in the highly recognized Toadoggonne Copper-Gold District in north-central BC, Canada, is surrounded on three sides by the Amarc and Freeport joint venture’s JOY District, where significant expenditures funded by Freeport resulted in the January 2025 AuRORA discovery close to the Brenda property border. In February 2025, the Company signed an agreement with Amarc providing Amarc with an option to acquire 100% interest in the Brenda property. The option is for five years, and the optionee must pay a minimum of \$400,000 per year to maintain the option. In order to earn 100% interest, the optionee must pay the Company an additional \$8,000,000 if exercised in year 1, increasing on an annual basis to \$12,000,000 if exercised in year five. The annual cash payments are not credited towards the purchase price. The optionee will also be responsible for undertaking exploration expenditures to advance the mineral claims by at least one year during each year of the option. The Company will retain a 2% net smelter returns royalty, of which 1% (or one-half) can be acquired for \$5,000,000 before commencement of commercial mining operations and \$10,000,000 after commencement of mining.

On May 29, 2025, Amarc reported that Freeport had invested \$35,000,000, under an accelerated time frame, and earned an initial 60% interest in the JOY District. On July 16, 2025, Amarc announced that Amarc and Freeport commenced an approved \$10,000,000 2025 exploration program, which included substantial drilling at the JOY District. Amarc also added that Freeport has exercised its right to have the entire Brenda tenure included in the Freeport-Amarc Mineral Property Earn-In Agreement for the JOY District. This means that future exploration expenditures on the Brenda property will be funded by Freeport and Freeport has a direct stake in the Amarc-Canasil Brenda option agreement.

Through May 26, 2026, the date of this MD&A, Amarc has reported to the Company that it has completed active exploration on the Brenda property and filed assessment work for \$222,791 during the first year of the option agreement, extending all the Brenda property claims to November 25, 2030. The work undertaken included collection of 38 soil samples, 64 silt samples, 126 rock chip samples, re-logging of 1,327 metres of drill core, and re-assaying/assaying of 90 core samples, geological mapping, 4.3 km<sup>2</sup> of detailed aeromagnetic surveying at 100 m line spacing for a total of 58.8 line km, compilation of historical geochemical samples, historical mapping, and compilation and interpretation of historical drill core logs. The program was funded by Freeport-McMoRan Mineral Properties Canada Inc., a wholly owned subsidiary of Freeport-McMoRan Inc. The program provided encouraging results and was successful in identifying several new areas of interest in addition to those already outlined by Canasil.

The Company has also been actively assessing the status of its mineral claims in Mexico and BC as it returns to active operations. During the third quarter 2025 the Company undertook a reconnaissance program of its high-grade silver Lil project in north-central BC, Canada. The program included a project visit and acquisition of high-resolution drone video and still imagery to assess access conditions for future exploration programs as well as to identify other potential exploration targets. Assessment filings from this program extended the Lil project mineral claims to July 15, 2027. The Company has also prepared drill plans for its Vizcaino gold-silver project in Durango, Mexico, and has completed drill permit applications for a total 2,450-metre HQ diamond core drilling program in 14 drill holes. All other preparations for the drill program such as drill contracts, surface access agreements and water supply are advancing. The Company is also actively reviewing plans for advancing its other exploration projects in BC, Canada, and in Mexico.

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The Company actively attended several industry conferences during the period including the AME Roundup, Vancouver Resource Investment Conference and Vancouver Metals Investor Forum in January 2026, and the Toronto Prospectors and Developers Association Conference and Toronto Metals Investor Forum in February and March 2026.

**OUTLOOK**

Gold, Silver and Copper prices have been increasing since January 2025 to late May 2026, gold increasing from US\$2,620 to US\$4,659 per ounce (+78%), dropping back from a high of US\$5,585 end January 2026. The Silver price increased from US\$29.50 to US\$78 per ounce (+164%) in late May 2026, dropping back from US\$120 per ounce in late January 2026. Copper has increased from US\$4.09 in January 2025 to US\$6.10 per pound in late May 2026 (+49%). The increasing precious and base metal prices, in particular gold and silver prices, have had a positive impact on the mining and mineral exploration sector. This has primarily impacted the major and mid-tier producers and larger explorers with established resources. The funding environment for small junior explorers has significantly improved, and there is noticeably more interest by larger companies in the acquisition of earlier stage exploration properties. In combination with recent major discoveries, such as Amarc-Freeport’s AuRORA discovery, this has resulted in opportunities for option and joint venture agreements as well as funding to advance earlier stage projects, which present a positive opening for smaller exploration companies such as Canasil. The recent war in the Gulf since beginning of March 2026 has resulted in restriction of maritime traffic and global shortages of crude oil, liquified natural gas, and fertilizer and plastics raw materials. This has created an extreme energy crisis with increased oil and gas prices as well as higher fertilizer and raw material prices impacting many regions of the world with negative impacts on economic growth and inflation. This has cast an overall shadow on economic conditions and the generally positive economic environment prior to this event.

In Mexico, the government’s May 2023 decree with proposed changes to the Mining regulations, detailed below, were viewed as strongly anti-mining and exploration and resulted in a general loss of confidence and interest in the sector in Mexico. However, since the election of the new government in June 2024, and strong opposition and challenges to the proposed changes to the mining laws by industry and various branches of the government, the overall prospects have improved. The Mexican government has been placing increased attention on processing permits for mining and exploration operations and this has had a positive impact on reducing backlogs and lead times. In general there has been a marked increase in interest in exploration assets and agreements concluded by larger companies to acquire and joint venture Mexican exploration properties. However, a recent tragic incident connected to cartel activity at Vizsla Silver’s operations in Concordia, Sinaloa, have raised concerns among investors, although this appears localized to that specific operation. The increasing metals prices and interest in the exploration sector provide an opportunity for Canasil to reassess and re-organize its Mexico project portfolio following two years of inactivity.

Mexico May 2023 decree covering mining and mineral concessions:

the Mexican Government enacted a decree amending several provisions of the mining law (the "Decree"), which became effective on May 9, 2023. The Decree amends the mining and water laws, including: i) life of mining concession, ii) the process to obtain new mining concessions, iii) water use and availability, iv) new social and environmental requirements, v) the authorization of any mining concession’s transfer, vi) new penalties and cancellation of mining concessions due to non-compliance with the applicable laws, vii) the automatic dismissal of any application for new concessions, viii) new financial instruments or collateral requirements, among other amendments. These amendments may have an impact on the Company’s current and future exploration activities and operations in Mexico and the extent of such impact is yet to be determined but could be material for the Company. On June 7, 2023, the Senators of the opposition parties (PRI, PAN and PRD) filed a constitutional action against the Decree, which is pending to be decided by Plenary of the Supreme Court of Justice.

**FINANCIAL CONDITION AND GOING CONCERN**

The Company’s continuing operation is dependent upon exploration success and the confirmation of mineral resources, the ability of the Company to obtain the financing necessary or cooperation agreements and eventual sale of certain exploration projects in order to maintain operations and successfully complete its exploration and development programs.

As at March 31, 2026, the Company had a working capital deficiency of \$430,598 (December 31, 2025 –\$369,163). Consistent with other junior exploration companies, the Company has no source of operating revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and maintain its mineral interests. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern, the Company successfully completed a private placement of 10,000,000 shares at \$0.05 for \$500,000 closing on January 20, 2026, received the first anniversary option payment of \$400,000 from the Amarc option agreement on February 4, 2026, and received \$100,000 from the exercise of 2,000,000 options at \$0.05 for a total of \$1,000,000 in funding at the start of 2026. This new funding has addressed the working capital deficiency and provided sufficient funds for immediate operations and exploration programs including a planned drill program.

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The Company has incurred operating losses since inception, and as at December 31, had an accumulated deficit of \$33,832,670 (December 31, 2025 - \$33,951,331).

The Company’s March 31, 2026, consolidated financial statements on [www.sedarplus.ca](http://www.sedarplus.ca) do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

**RESULTS OF OPERATIONS**

**Three months ended March 31, 2026 compared to 2025**

The Company had income and comprehensive income of \$118,661 for the three months ended March 31, 2026, (2025 – loss of \$381,930). The Company was cease traded on December 5, 2023, resulting in a significant decrease in operating costs in fiscal 2024, including consulting, investor relations, legal fees, listing and filing fees, management fees, office services and supplies, salaries and shareholder communications. The increase in income was primarily as a result of receipt of the \$400,000 option payment.

**SUMMARY OF QUARTERLY INFORMATION**

The following table provides selected financial information of the Company for each of the last eight quarters presented in accordance with IFRS:

Quarter ended:	Mar. 31, 2026	Dec. 30, 2025	Sep. 30, 2025	Jun. 30, 2025	Mar. 31, 2025	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive income Loss	(41,650)	(170,187)	(103,865)	(107,876)	381,930	(25,749)	(28,068)	(30,828)
Loss per share: basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)

Net loss and comprehensive loss for the three-month period ended March 31, 2026, was \$41,640 compared to a comprehensive loss of \$170,187 for the three-month period ended December 31, 2025. The difference is primarily due to the Company receiving an option payment of \$400,000 offset by stock-based compensation on options granted of \$241,400.

Net loss and comprehensive loss for the three-month period ended December 31, 2025, was \$170,187 compared to a comprehensive loss of \$103,865 for the three-month period ended September 30, 2025. The difference is primarily due to the Company paying the CEO an additional \$75,000 in the period compared to the comparative period.

Net loss and comprehensive loss for the three-month period ended September 30 2025, was \$103,865 compared to a comprehensive loss of \$107,876 for the three-month period ended June 30, 2025. There were no significant fluctuations quarter to quarter.

Net loss and comprehensive loss for the three-month period ended June 30 2025, was \$107,876 compared to a comprehensive income of \$381,930 for the three-month period ended March 31, 2025. The significant increase is a result of the initial \$400,000 option payment received for the Brenda property in the previous quarter.

Comprehensive income for the three-month period ended March 31, 2025, was \$381,930 compared to a net loss of \$25,749 for the three-month period ended December 31, 2024. The significant increase is a result of the initial \$400,000 option payment received for the Brenda property.

There were no significant changes during the quarters ended December 31, 2024, September 30, 2024 or June 30, 2024, when compared to each preceding quarter.

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**CASH FLOWS**

During the period ended March 31, 2026, the Company had the following cash fluctuations:

- i) Cash provided by operating activities of \$96,918 (2025 - cash used for operating activities of \$241,893). The increase in cash provided was as a result of receipt of the \$400,000 option payment for the Brenda property offset by the payment of certain outstanding payables, and general administrative and exploration costs required to maintain the Company.
- ii) Cash provided from financing activities of \$500,000 (2025 - \$Nil) resulted from proceeds from a private placement.

**RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION**

The Company had transactions with related persons or corporations, which were undertaken in the normal course of operations. Key management includes officers and non-executive directors. The compensation paid or payable to key management for the period ended March 31, 2026 and 2025 is as follows:

	<b>2026</b>	<b>2025</b>
Salaries – Bahman Yamini, CEO, management services	\$ 56,250	\$ 37,500
Stock-based compensation – stock options - Bahman Yamini CEO	149,565	-
Management and accounting – Cross Davis & Company, a firm in which Dave Cross, CFO has an interest	15,000	5,000
Stock-based compensation stock options – Cross Davis & Company, a firm in which Dave Cross, CFO has an interest	5,146	-
-	\$ 225,961	\$ 75,000

During the period ended March 31, 2026, the Company granted 1,750,000 stock options to non-executive directors resulting in stock-based compensation of \$36,019.

As at March 31, 2026, amounts due to related parties include:

- i) \$281,646 (December 31, 2025 - \$415,933) due to the chief executive officer, namely Bahman Yamini, of which \$250,000 (2023 - \$225,000) is non-current. The amounts are non-interest bearing and the long-term portion was voluntarily agreed to without limitation by the CEO.
- ii) \$Nil (December 31, 2025 - \$10,500) due to the chief financial officer, namely Dave Cross.
- iii) \$68,250 (December 31, 2025 - \$68,250) due to the former chief financial officer, namely Kerry Spong.

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**MINERAL PROPERTY SUMMARY**

The Company holds mineral exploration projects in Mexico and Canada, including:

**La Esperanza**

The La Esperanza silver-gold-zinc-lead project covers a district scale concession package spanning the border of Durango and Zacatecas States, 100 km south-southeast of the City of Durango. The project is located in a prolific mining district on the important Fresnillo silver trend, 80 km northwest of the Fresnillo mine and Fresnillo-Pan American Silver’s Juanicipio mine, and approximately 35 km northwest of Pan American Silver’s La Colorada mine. Systematic and comprehensive exploration programs to date have included satellite imaging and high-resolution mapping, 1,330 line-kilometre ZTEM airborne geophysical survey, extensive geological mapping and sampling and over 11,500 metres of drilling in 44 diamond drill holes. Drilling has returned wide high-grade silver-gold-lead-zinc intercepts from the La Esperanza vein, located in the southeast of the project area that is open in all directions (announced in past news releases). Additional occurrences of silver-lead-zinc vein mineralization have also been identified in the northwest of the project area. Two of these have been tested with initial drill programs, which indicated potential for significant silver-lead-zinc mineralization.

The La Esperanza vein is exposed for 200 m and has now been extended by drilling under volcanic cover for an additional 325 m for a total strike of 525 m and is traceable by geophysics for over five kilometers along a NW-SE trend. Drilling to date has defined the La Esperanza vein to a depth of 350 m, in a region where epithermal vein mineralization at the close by La Colorada mine is noted down to 1,000 m below surface underlain by skarn mineralization to a depth of over 1,800 m.

**Nora**

The Nora project is located approximately 200 kilometers north-west of the City of Durango, with good access and infrastructure.

In February 2024, the Company signed an agreement with Silver Dollar granting Silver Dollar the option to earn a 100% interest in the Company’s Nora project by making payments to the Company of \$375,000 and incurring exploration expenditures of \$3,000,000 over five years, and retaining a 3% NSR of which 1% (one-third) could be purchased by Silver Dollar for \$3,000,000. In February 2024, the Silver Dollar agreement was amended transferring 100% ownership of the Nora property to Silver Dollar against a 2% NSR, of which Silver Dollar could buy back 1% for \$1,000,000.

**Salamandra**

The Salamandra zinc-silver project is located in Durango State, Mexico, 35 kilometres northeast of the City of Durango, with excellent access by paved and gravel roads. The project area was acquired through staking of claims and the purchase of a 100% interest in the central 900 hectares within the project area, subject to a 0.5% NSR that can be purchased from the owner for US\$500,000.

Past exploration by Canasil at Salamandra includes geological mapping and surface sampling, 3D-IP ground geophysics, ZTEM airborne geophysics and twelve diamond drill holes for a total of 3,595 metres. In May 2013, the Company signed an option agreement with MAG Silver Corp. (MAG) providing the right to earn up to a 70% interest in the property. In February 2016, MAG withdrew from the agreement and Canasil retains a 100% interest in the project.

MAG spent \$5.8 million on exploration programs which included surface sampling, data review, and satellite imaging in 2013, followed by three phases of diamond drilling programs for a total of 14,382 metres in 23 drill holes between 2013 and 2015. The surface sampling and data review identified indications of large replacement deposits at Salamandra. The drill programs reported encouraging high-grade silver-copper-zinc intercepts, pervasive zinc mineralization, and an interesting interval of gold-tungsten mineralization.

Salamandra hosts an extensive, complex system with a strong metals endowment. Pervasive zinc mineralization intersected in most of the drill holes, the high-grade silver-copper intercepts and deeper gold and tungsten intercepts indicate the potential for a large metalliferous system at Salamandra. This system remains open and requires additional drilling.

**Sandra-Escobar**

The Sandra-Escobar property is located 200 kilometers northwest of the city of Durango, Mexico. In December 2015 the property was optioned to Orex Minerals Inc. (“Orex”), and in January 2017 Orex earned a 55% interest in the project by paying the Company \$500,000 in cash and shares and incurring exploration expenditures of US\$2,000,000. On June 28, 2019, the Company sold its 45% interest in Sandra-Escobar to Pan American Silver Corp. (“Pan American”) for \$2,000,000 plus a 2% NSR Royalty Interest on Pan American’s interest in the project. Pan American has the right to buy out 1% of the NSR for \$4,000,000.

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**Vizcaino**

The Vizcaino project is located 127 km north of the City of Durango, in central Durango State, Mexico. It is 100% owned with no underlying royalties or encumbrances. The project hosts a prominent high-level epithermal vein outcrop traced over an approximate strike length of 3km with widths of 1m – 12m with classic epithermal vein textures. It has never been drill tested. Past rock chip sampling of the vein outcrop has returned background gold values consistent with the upper levels of epithermal vein systems. Outcrops at a 100m lower elevation compared to those on the higher hillside show significant increases in the background gold values, suggesting that the grades are increasing with depth. It is proposed to test the vein at vertical depths of 100m and 150m below the surface outcrops to locate the vein and check the vein thickness and grades. A two-phase diamond drill program is planned with 14 drill holes, two on each of 7 sections over an approximate 2km strike distance, contingent on funding. The Company has compiled the required documentation to apply for the drill permit.

**Brenda**

The Brenda gold-copper project is located in north-central British Columbia, 25km northwest of Centerra Gold’s former Kemess South mine and 15km northwest of the proposed Kemess Underground mine and Kemess East deposit, in a region recognized for hosting porphyry gold and copper deposits. Systematic exploration programs on the Brenda project have included geological mapping and surface sampling, satellite surveys, airborne and ground geophysics, 12,067 metres of diamond drilling in 65 holes, and petrographic studies of drill core samples. These programs have identified and intersected widespread porphyry gold-copper style mineralization. The Project has excellent road access with a fully equipped exploration camp. Proximity to Centerra Gold Inc.’s (Centerra Gold) former Kemess South mine infrastructure, fully permitted proposed Kemess Underground mine, and Amarc-Freeport’s adjacent JOY project with the recent AuRORA discovery are important advantages.

Amarc Resources Ltd. (“Amarc”) announced the major AuRORA discovery at the JOY project in January 2025. Due to the discovery’s proximity to the Brenda property border, Amarc expressed interest in acquiring the Brenda property. In February 2025, the Company signed an option agreement with Amarc providing Amarc with an option to acquire 100% interest in the Brenda property. The option is for five years, and the optionee must pay a minimum of \$400,000 per year to maintain the option. In order to earn 100% interest, the optionee must pay the Company an additional \$8,000,000 if exercised in year 1, increasing on an annual basis to \$12,000,000 if exercised in year five. The annual cash payments are not credited towards the purchase price. The optionee will also be responsible for undertaking exploration expenditures to advance the mineral claims by at least one year during each year of the option. The Company will retain a 2% net smelter returns royalty, of which 1% (or one-half) can be acquired for \$5,000,000 before commencement of commercial mining operations and \$10,000,000 after commencement of mining. This initial \$400,000 option payment was paid in February 2024.

In Amarc’s July 16, 2025 news release, Amarc announced that Freeport has exercised its right to have the entire Brenda tenure included in the Freeport-Amarc Mineral Property Earn-In Agreement for the JOY District, Amarc added the following comments about the Brenda property: Brenda is underlain by the same highly prospective volcanics and transitional porphyry Cu-Au and epithermal Au-Ag geological setting as at Amarc’s recent AuRORA and Canyon porphyry Cu-Au discoveries. Historical exploration of the Brenda Property has identified both epithermal and porphyry related rock alteration assemblages hosting Cu, Au and Ag mineralization, and includes an intersection of 78 m grading 0.61 g/t Au and 0.10% Cu from 110 m in hole BR-07-05, which was collared nearby a large gossan (see Canasil NI43-101 Technical Report at <https://www.canasil.com/projects/bc-canada-properties/brenda/>).

Through May 26, 2026, the date of this MD&A, Amarc has reported to the Company that it has completed active exploration on the Brenda property and filed assessment work for \$222,791 during the first year of the option agreement, extending all the Brenda property claims to November 25, 2030. The work undertaken included collection of 38 soil samples, 64 silt samples, 126 rock chip samples, re-logging of 1,327.2 metres of drill core, and re-assaying/assaying of 90 core samples, geological mapping, 4.3 km<sup>2</sup> of detailed aeromagnetic surveying at 100 m line spacing for a total of 58.8 line km, compilation of historical geochemical samples, historical mapping, and compilation and interpretation of historical drill core logs. The program was funded by Freeport McMoRan Canada Ltd., a subsidiary of Freeport-McMoRan mineral Properties Canada inc., a wholly owned subsidiary of Freeport-McMoRan Inc. The program provided encouraging results and was successful in identifying several new areas of interest in addition to those already outlined by Canasil.

**Technical**

Gary Nordin, P. Geo. British Columbia, and Director of Canasil, is the Company’s designated Qualified Person in accordance with National Instrument 43-101 in relation to data provided with regards to exploration programs undertaken by the Company.

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**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company’s financial instruments consist of the following:

	<b>March 31,</b>		<b>December 31,</b>
	<b>2026</b>		<b>2025</b>
<b>Cash</b>			
Cash on deposit	\$ 628,775	\$	31,857
<b>Receivables (exclusive of goods and services tax)</b>	\$ 1,870	\$	1,870
<b>Reclamation bonds</b>	\$ 47,000	\$	47,000
<b>Accounts payable</b>	\$ 112,821	\$	174,962
<b>Amounts due to related parties</b>	\$ 349,896	\$	491,433

Cash, receivables, reclamation bonds, accounts payable, and amounts due to related parties are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short-term nature. The Company is exposed to various financial risks in respect of its financial instruments as detailed below. The Company’s policies and processes of managing all risks associated with its financial instruments have not changed during the current year.

**Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company’s primary credit risk is associated with its cash, receivables, and reclamation bonds.

The Company’s Canadian cash is held in chequing accounts at major Canadian banks with high investment grade ratings. Reclamation bonds are held in short-term guaranteed investment certificates at major Canadian banks or by the government of British Columbia as non-interest-bearing security deposits. The Company also maintains cash balances denominated in pesos and U.S. dollars held through a major bank in Mexico, which also has a high investment grade rating. Management considers the credit risk associated with its cash balances to be low. The carrying value of the Company’s cash, receivables, and reclamation bonds totals \$677,645 and represents the Company’s maximum exposure to credit risk as at March 31, 2026 (December 31, 2025 - \$80,727).

**Foreign Currency Risk**

Foreign currency risk is the risk that the fair value of the Company’s financial instruments will fluctuate due to changes in exchange rates. The Company carries cash, receivables, and accounts payable balances denominated in Mexican pesos and U.S. dollars, which are subject to currency risk due to fluctuations in the exchange rates with the Canadian dollar.

Due to the volatility of the exchange rates between the Canadian dollar, the peso, and the U.S. dollar, such currency risk could result in future gains or losses to the Company. Based on the Company’s net monetary assets denominated in Mexican pesos and U.S. dollars as at March 31, 2026, a 10% fluctuation in the exchange rates of these currencies would result in an insignificant gain or loss. To manage currency risk, the Company maintains only the minimum amount of foreign cash that is necessary to fund its ongoing exploration activities. Accounts payable denominated in foreign currencies are settled in a timely manner.

**Interest Rate Risk**

Interest rate risk relates to the effect on the Company’s financial instruments due to changes in market rates of interest. The Company holds reclamation bonds, which include guaranteed investment certificates that earn interest at market rates and are exposed to interest rate risk given the volatility of interest rates over time. Due to the value and nature of the Company’s other financial instruments, it is management’s opinion that the Company is not exposed to significant interest rate risk in respect of these financial instruments.

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Liquidity Risk

The Company is subject to liquidity risk such that it may not be able to meet its obligations under its financial instruments as they fall due. The Company manages this risk by maintaining cash balances to ensure that it is able to meet its short- and long-term obligations as and when they fall due. Cash projections are regularly updated to reflect the dynamic nature of the business. To date, the Company’s capital requirements have been met primarily by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Other Risk

The Government of British Columbia has adopted the Declaration on the Rights of Indigenous Peoples Act (2019) (“DRIPA”) to implement the United Nations Declaration on the Rights of Indigenous Peoples (“UNDRIP”) in British Columbia. The legislation commits to a systematic review of the province’s laws for alignment with UNDRIP principles, while also encouraging new agreements with Indigenous Groups that are intended to address outstanding governance questions around the nature of Indigenous rights and title interests in British Columbia. Title to the Company’s mineral projects may be adversely affected by indigenous land claims or land use rights, and changing laws or other regulations related to the implementation of DRIPA may adversely affect the Company’s operations.

**CHANGES IN ACCOUNTING POLICIES**

There were no changes in accounting policies during the period ended March 31, 2026. The Company’s material accounting policies, and recent pronouncements, are provided in Note 2 of the March 31, 2026, condensed interim consolidated financial statements on [www.sedarplus.ca](http://www.sedarplus.ca).

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements and does not contemplate such arrangements in the foreseeable future.

**OUTSTANDING SHARE DATA**

At May 26, 2026, the Company had 155,814,280 common shares outstanding.

At May 26, 2026, the Company had outstanding stock options enabling holders to acquire common shares as follows:

<b>Expiry Date</b>	<b>Quantity</b>	<b>Exercise Price</b>
January 8, 2031	3,150,000	\$ 0.05
February 11, 2031	2,500,000	\$ 0.06
	<u>5,650,000</u>	

The Board of Directors of the Company has approved the disclosure contained in this annual MD&A. A copy of this MD&A and previously published financial statements and MD&A, as well as other information is available on the SEDAR+ website at [www.sedar.com](http://www.sedar.com), and on the Company's website at [www.canasil.com](http://www.canasil.com).