



Interim Management's Discussion and Analysis

Quarterly Highlights

For the Six Months Ended June 30, 2022

INTRODUCTION

Canasil Resources Inc. ("Canasil" or the "Company") is a mineral exploration company listed under the trading symbol "CLZ" on the TSX Venture Exchange. The Company is 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. The Company's project portfolio includes six silver-focused projects in Mexico, and four projects in British Columbia, two of which are prospective for hosting copper-gold porphyry mineralized systems.

This Interim Management's Discussion and Analysis ("MD&A") is dated August 26, 2022, and provides information on the Company's activities for the six months ended June 30, 2022, and subsequent activity to the date of this report. Consequently, this MD&A should be read in conjunction with the Company's June 30, 2022 condensed interim consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board as applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

The Company has elected to provide interim MD&A disclosure under the "Quarterly Highlights" regime as set out in Section 2.2.1 of National Instrument 51-102F1. Discussion of the Company, its operations and associated risks is further described in the Company's filings, which include the December 31, 2021 MD&A and audited consolidated financial statements, available for viewing at www.sedar.com.

QUARTERLY HIGHLIGHTS

Highlights of the Company's activities during the period under review are as follows:

- issued 125,000 shares for proceeds of \$15,000 upon the exercise of warrants in March 2022;
- completed its annual audit and filed its 2021 annual audited consolidated financial statements;
- received and announced assay results for three holes from the Phase-3 drill program completed at the Nora project in Mexico in December 2021;
- completed a comprehensive review of the drill data obtained from the 2020 and 2021 drill programs at the Nora project;
- completed a review of drill data and resource modelling for the La Esperanza vein mineralized panel to determine an estimate of possible inferred resource;
- received a British Columbia Mineral Exploration Tax Credit refund in the amount of \$25,334 in August 2022;
- on August 24, 2022, the Company announced its intention to complete a private placement to raise up to \$550,000 by issuing up to 10,000,000 units at a price of \$0.055 per unit – each unit will consist of one common share and one share purchase warrant entitling the holder to purchase one additional share at a price of \$0.08 per share for a period of three years.

Further information regarding the Company's corporate and exploration activities is provided below.

OUTLOOK

Past exploration programs have identified prospective targets for further exploration and drilling on the Company's project portfolio in Mexico and in British Columbia, Canada. In Mexico the focus of recent exploration programs has been on the La Esperanza high-grade silver-gold-zinc-lead project and the Nora silver-gold-copper project in Durango and Zacatecas States. During the second half of 2020 and in 2021 the Company completed three phases of drilling at the Nora project for 3,568 metres and a follow-up drill program at La Esperanza for 1,879 metres. These programs returned encouraging results confirming the potential for hosting significant silver-gold mineralized systems at both projects, with details included below in the mineral property section. In BC, Canada, the Company has completed an updated Technical Report on the Brenda copper-gold project, which indicated encouraging prospective drill targets, as well as a comprehensive data review of the Vega copper-gold project.

The Company's exploration plans are contingent on adequate funding to carry out drilling and other exploration programs and maintain sufficient operating working capital. Following active funding and drill programs in 2020 and 2021 despite difficulties posed by the COVID-19 pandemic, market conditions in the first half of 2022 have been very challenging due to economic uncertainty with rising inflation, higher interest rates, the war in Ukraine since the end of February 2022, and slowdown in the Chinese economy with re-emergence of COVID lockdowns. This resulted in markedly lower gold, silver and other metal prices since mid-April 2022, which coupled with the economic conditions created a very difficult funding environment and impacted the possibilities for accessing additional funding required for continued exploration programs and operations.

Market Conditions

From mid-June 2019 to early August 2020, gold and silver prices increased significantly; gold from US\$1,340 per ounce to a high of over US\$2,050 per ounce and silver from US\$15 per ounce to US\$29 per ounce. Resource markets and share prices of mining and exploration companies also reflected this increase resulting in a positive funding environment for mining and mineral exploration companies. However, both gold and silver prices subsequently pulled back, closing 2020 at US\$1,885 per ounce for gold and US\$26.50 per ounce for silver. In 2021, in spite of significant economic stimulus measures, both gold and silver prices were volatile, with gold trading between US\$1,690 and US\$1,950 per ounce, and silver between US\$21.50 and US\$28.50 per ounce, closing at US\$1,807 and US\$23.10 per ounce respectively by year-end 2021. In 2022, with recurring COVID lockdowns in major Chinese cities, rising inflation, increasing interest rates and political tensions leading to the Russian invasion of Ukraine in late February 2022, gold and silver prices initially increased from January to mid-April 2022 reaching US\$1,980 per ounce for gold and US\$26 per ounce silver. However, since then there has been a marked decline due to the economic and political uncertainty, increasing interest rates, and a higher US Dollar, with gold dropping to US\$1,700 per ounce and silver US\$18.50 per ounce by mid-July 2022. Both have recovered partially to US\$1,739 per ounce for gold and US\$18.91 per ounce for silver, with the gold-silver price ratio of 92 at the time of this report. Copper and zinc prices also declined from US\$4.60 and US\$2.00 per pound end April 2022 to US\$3.20 and US\$1.38 per pound respectively by early July 2022, closing at US\$3.72 per pound and US\$1.65 per pound at the date of this report.

The volatility in gold and silver prices since August 2020, and the global economic and political uncertainties and particularly the recent sharp drop in metal prices since mid-April 2022 have resulted in significantly lower share prices and market interest both for larger producers and smaller exploration companies. This has created a very challenging funding environment particularly for smaller exploration companies.

Impact of COVID-19 pandemic

Following a halt in the Company's field activities from March to June 2020 due to the COVID outbreak, field operations resumed in early July 2020 in Mexico with the drill programs at the Nora and La Esperanza projects, although at a slower pace due to COVID constraints. In the second half of 2021 drilling operations continued returning to the normal pace. All administrative and technical activities have continued uninterrupted throughout the pandemic to date.

The Company's personnel continue to comply with the respective government directives and recommendations, and also to take maximum precautions for the safety of local communities, contractors and themselves and in order to prevent the spread of the COVID infection, particularly now with the increase in new more infectious variants such as Omicron in late 2021 and early 2022.

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FINANCIAL CONDITION

As at June 30, 2022, the Company had a working capital deficiency (current assets less current liabilities) of \$56,631, compared to positive working capital of \$401,795 at December 31, 2021. The reduction in working capital results primarily from the Company's operating expenses incurred during the period. The Company's working capital position consisted of the following:

	June 30, 2022	December 31, 2021
Cash	\$ 83,172	\$ 451,241
Receivables	6,008	18,667
Prepaid expenses	9,087	23,626
Accounts payable and accrued liabilities	(127,898)	(64,739)
Deferred flow-through premium liability	(27,000)	(27,000)
Working capital position	\$ (56,631)	\$ 401,795

Liquidity and Financial Resources

The Company has no income from operations, a working capital deficiency, and is subject to liquidity risk. The Company is dependent upon raising funds through the issuance of shares or disposing of interests in its mineral properties (by option, joint venture or outright sale) to finance acquisitions, exploration and development of mineral properties, and meet general and administrative expenses.

During the current period, the Company incurred expenses, net of non-cash items, of \$473,426, which included administrative expenses of \$253,657 and exploration and evaluation expenses of \$219,769. During 2021, the Company completed a flow-through financing and under the terms of its agreements is required to complete qualifying exploration expenditures of \$165,000 during 2022. The administrative budget and exploration and land holding budgets for each of the Company's properties are established depending on expected cash resources and such budgets are regularly adjusted according to actual cash resources.

The Company currently does not have sufficient working capital to meet its overhead, exploration, and land holding requirements for the ensuing twelve months. There is no assurance that the Company will be successful in securing the financing required to continue operations and advance its mineral projects. While the Company has been successful in completing its recent exploration programs, current economic conditions and political uncertainties as well as the ongoing COVID-19 pandemic may affect its ability to raise additional funding in the future.

FINANCIAL PERFORMANCE

Loss and comprehensive loss

The Company's loss and comprehensive loss for the current and comparative quarters includes the following:

	2022	2021
General and administrative expenses	\$ 117,522	\$ 293,218
Exploration and evaluation expenditures	68,805	213,763
Loss and comprehensive loss for the quarter	\$ 186,327	\$ 506,981

The Company's loss and comprehensive loss for the current and comparative six-month periods includes the following:

	2022	2021
General and administrative expenses	\$ 258,922	\$ 458,366
Exploration and evaluation expenditures	219,769	717,971
Gain on sale of equipment	-	(6,983)
Loss and comprehensive loss for the period	\$ 478,691	\$ 1,169,354

General and administrative expenses for the current quarter and six-month periods are lower than the comparative periods due mostly to share-based compensation, a non-cash item, recorded in the comparative periods. In addition, during the current periods, the Company reduced investor relations and promotion costs, director fees, and experienced lower legal and shareholder communication fees and foreign exchange loss.

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The decrease in exploration and evaluation expenditures for the current periods is due primarily to the Company not having an active drill program in progress during the periods, as was the case in the comparative periods, as well as the deferral of the payment of claim fees on the Company's Mexican properties.

Cash Flows

The main components of the Company's cash flows for the current and comparative six-month periods include the following:

	2022	2021
General and administrative expenses	\$ (253,657)	\$ (296,560)
Exploration and evaluation expenses	(219,769)	(717,971)
Changes in non-cash working capital items	90,357	(72,528)
Purchase of equipment	-	(1,776)
Proceeds on sale of equipment	-	6,983
Principal payments on lease liability	-	(22,495)
Share capital issued for cash	15,000	779,600
	<u>\$ (368,069)</u>	<u>\$ (324,747)</u>

The reduction in cash used in operations is due to the decrease in operating expenses as detailed above. Changes in non-cash working capital items for the current period resulted from an increase in accounts payable and a decrease in amounts receivable and prepaid expenses. The Company completed a private placement in May 2021 for net proceeds of \$779,600; in the current period, the Company received proceeds of \$15,000 for the exercise of warrants.

MAJOR OPERATING MILESTONES

During the period under review, the Company received and reported on the results from its Phase-3 drill program at the Nora project and completed a comprehensive review of all drill results from the 2020 and 2021 drill programs. The Company also completed a review of drill data and resource modelling for the La Esperanza vein mineralized panel to determine an estimate of possible inferred resource.

RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company relies heavily on its directors and officers for many of its administrative and professional services. Key management includes executive and non-executive directors and officers. The compensation paid or payable to key management for the periods ended June 30 is as follows:

	2022	2021
Salaries – chief executive officer	\$ 112,500	\$ 112,500
Management fees – chief financial officer	30,000	30,000
Director fees	9,000	18,000
	<u>\$ 151,500</u>	<u>\$ 160,500</u>

As at June 30, 2022, accounts payable and accrued liabilities includes \$37,500 in salary due to the chief executive officer and \$5,000 in management fees due to the chief financial officer.

OUTSTANDING SHARE DATA

A summary of the Company's outstanding shares, options, and warrants is as follows:

	August 26, 2022	June 30, 2022	December 31, 2021
Shares issued and outstanding	131,796,622	131,796,622	131,671,622
Outstanding stock options	8,700,000	8,700,000	10,590,000
Outstanding warrants	6,125,000	10,038,750	14,276,250
Diluted shares outstanding	<u>146,621,622</u>	<u>150,535,372</u>	<u>156,537,872</u>

During the period, 125,000 warrants were exercised; 1,890,000 stock options and 4,112,500 warrants expired. In July 2022, 3,913,750 warrants expired.

Notes 4 and 5 to the Company's June 30, 2022 condensed interim consolidated financial statements provide additional details regarding share capital, stock option, and warrant activity for the period.

MINERAL PROPERTY SUMMARY

The Company holds the following mineral exploration projects in Mexico and Canada:

Durango and Zacatecas, Mexico: <ul style="list-style-type: none"> • La Esperanza silver-gold-zinc-lead project – 100% • Salamandra zinc-silver project – 100% • Nora silver-gold-copper project – 100% • Colibri silver-zinc-lead-copper project – 100% • Vizcaino silver-gold project – 100% • Carina silver project – 100% 	British Columbia, Canada: <ul style="list-style-type: none"> • Brenda, gold-copper property – 100% • Vega, gold-copper property – 100% • Granite, gold property – 100% • LIL, silver property – 100%
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La Esperanza

The La Esperanza silver-gold-zinc-lead project claims cover 14,916 hectares and are located spanning the border of Durango and Zacatecas States, 100 kilometres south-southeast of the City of Durango. The project is located in a prolific mining district on the important Fresnillo silver trend, 80 kilometres northwest of the Fresnillo mine, and approximately 35 kilometres from Pan American Silver's La Colorada mine, and First Majestic Silver's La Parrilla and Del Toro mines. 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.

Highlights of the results of drill programs on the La Esperanza vein reported in the company's past news releases dated February 9, March 23, April 5, and May 2, 2017, include:

- Confirmed mineralized envelope of 525 metres (m) along strike and 350 m to depth including wide high-grade silver-gold-lead-zinc intercepts noted below;
- Drill hole ES-06-05 in the central section returned 13.10 m (TW 10.30 m) of 396 g/t silver (Ag), 0.71% zinc (Zn) and 1.96% lead (Pb), including 1.93 m (TW 1.52 m) of 1,380 g/t Ag, 0.38% Zn and 3.40% Pb.
- Drill hole ES-17-16 in the southeast extension returned 5.94 m (TW 4.92 m) of 257 g/t Ag, 0.64% Zn and 0.63% Pb, including 1.15 m (TW 0.95 m) 1,133 g/t Ag, 1.56% Zn and 2.98% Pb.
- Drill hole ES-17-17 in the northwest extension returned three separate hanging wall vein intercepts followed by the main vein and a footwall vein. The main vein returned an intercept of 6.71 m (TW 5.81 m) of 204 g/t Ag, 1.83% Zn, and 1.46% Pb, including 0.91 m (TW 0.79 m) of 347 g/t Ag, 2.98% Zn and 2.20% Pb.
- Drill hole ES-17-19, intercepted the vein below ES-17-17 with 12.97 m (TW 11.23 m) of 219 g/t Ag, 0.93% Zn and 0.43% Pb, including 1.28 m (TW 1.11 m) of 6.39 g/t Au, 1,281 g/t Ag, 2.23% Zn and 1.25% Pb. This was the highest gold value recorded to date from the La Esperanza vein together with high silver values.
- Drill hole ES-18-21, below ES-17-16, intersected the vein over a core length of 14.11 m (true width 12.20 m) with well-developed epithermal textures and disseminated sulphide minerals, including bands of higher-grade mineralization such as 2.22 m (TW 1.92 m) of 190 g/t Ag, 1.35% Zn and 0.22% Pb.

These results open the La Esperanza vein for further expansion by drilling in both directions along strike and to depth in a well-developed epithermal environment. Six core drill holes were completed in late 2020 and early 2021 for a total of 1,879 metres targeting the southeast and northwest extensions of the La Esperanza vein. Three holes in the southeast extension returned wide altered and mineralized intercepts with narrow higher-grade bands of 0.97 m (TW 0.90 m) with 426 g/t Ag, 0.70% Pb and 0.42% Zn in ES-20-22, and 1.38 m (TW 1.23 m) with 2.55 g/t Au, 1.77 g/t Ag, 0.52% Pb and 0.43% Zn, including 0.57 m (TW 0.53 m) with 5.90 g/t Au, 404 g/t Ag, 0.99% Pb and 0.22% Zn in ES-21-23. The narrow high-grade band in ES-21-24 returned 0.42 m (TW 0.38 m) with 1.51 g/t Au, 206 g/t Ag, 8.83% Pb and 10.25% Zn. The high gold and silver values in these intercepts shown in the long section below are encouraging.

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Three drill holes targeted the northwest extension; two of the drill holes were lost short of the target zone in crossing fault zones due to difficulties resulting from drilling only one shift due to COVID-19 constraints. The third hole intersected a wide altered structure, interpreted as the upper levels of the vein structure. The multiple altered and mineralized intercepts with the high gold and silver values in ES-20-22 to ES-21-23 are encouraging and confirm a strong mineralizing environment for continued drilling.

A review of all drill data to date and resource modelling for the La Esperanza vein mineralized panel was carried out during the period to determine an estimated level of possible inferred resources at various AgEq cut-off grades and gross metal values.

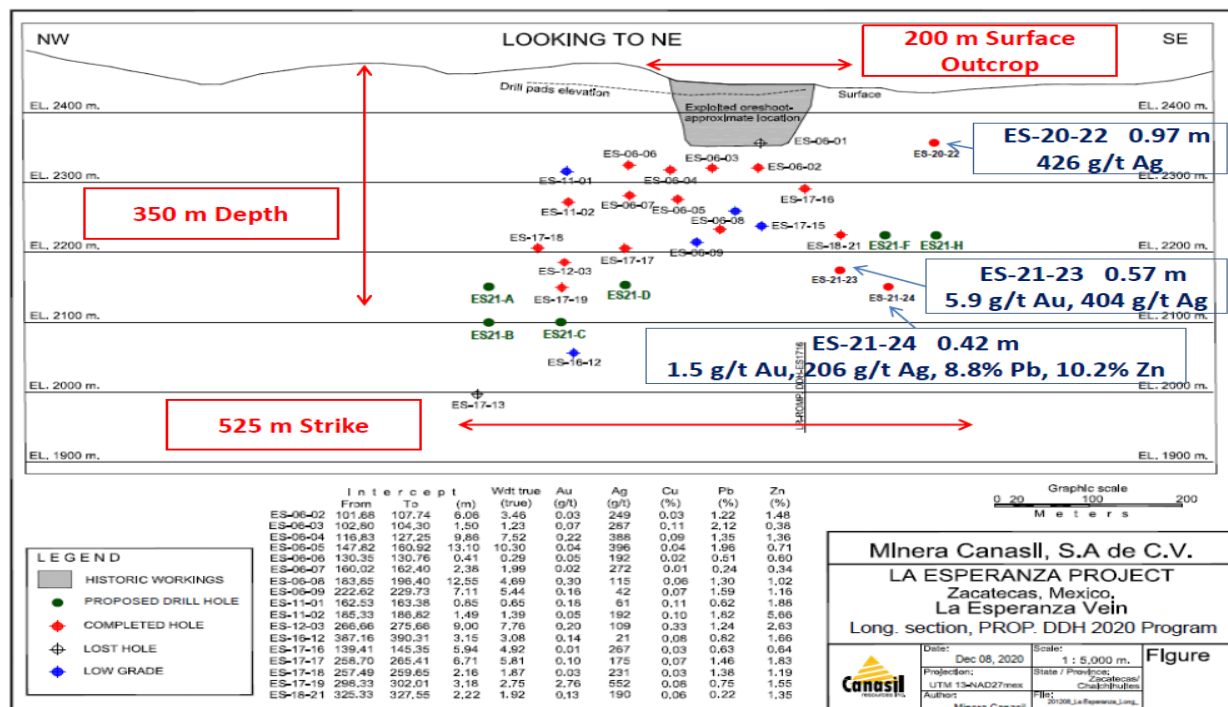
The La Esperanza vein is exposed on surface for 200 m and has now been extended by drilling under volcanic cover for an additional 325 m for a total strike of 525 m, and is traceable by geophysics for over five kilometers along a NW-SE trend. Drilling to date has defined the La Esperanza vein to a depth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

La Esperanza Silver-Gold Project, Durango & Zacatecas States, Mexico										
2020-21 Drill Results - ES20-22, ES-21-23, ES-21-24										
Vein/Structure	From	To	Width	TrueWidth	Gold	Silver	Copper	Lead	Zinc	Ag. Eq.*
	Metres	Metres	Metres	Metres	g/t	g/t	%	%	%	g/t
ES-20-22										
La Esperanza Vein	92.45	99.00	6.55	6.05	0.00	64	0.00	0.13	0.12	64
Includes	96.40	97.37	0.97	0.90	0.01	426	0.02	0.70	0.42	426
ES-21-23										
La Esperanza Vein	339.60	351.23	11.63	10.74	0.34	32	0.04	0.23	0.19	57
Includes	342.67	344.00	1.33	1.23	2.55	177	0.12	0.52	0.43	362
Includes	342.67	343.24	0.57	0.53	5.90	404	0.24	0.99	0.22	832
And	350.72	351.23	0.51	0.47	0.91	116	0.02	0.73	0.47	182
ES-21-24										
La Esperanza Vein	370.19	375.64	5.45	4.92	0.29	35	0.08	0.87	1.25	91
Includes	372.67	372.87	0.20	0.18	1.19	69	0.01	0.20	0.16	155
And	375.22	375.64	0.42	0.38	1.51	206	0.05	8.83	10.25	796

*Silver Equivalent for reference, calculated based on metal prices below and assuming equivalent recoveries for all metals

Au:Ag ratio 72.5, Cu US\$2.95/lb, Pb US\$ 0.86/lb, Zn US\$ 1.09/lb – Cu, Pb & Zn <1% Not Included

Fig. 1: La Esperanza Vein Long Section With 2020-21 Drill Hole Locations



Nora

The Nora project is located approximately 200 kilometers north-west of the City of Durango, with good access and infrastructure. There are two principal epithermal vein outcrops at the Nora project, the Candy and Nora veins. The Candy vein has been traced for approximately 750 metres at surface through pits and trenches from historical mining activity, and discontinuous outcrops. Mineralization is found adjacent to a fault structure that has been traced over three kilometers along strike. Historical mining activity on the Candy vein included a 115-metre-long adit and a short cross-cut that exposed the vein approximately 50 metres below surface. Samples of vein outcrop and mineral dumps from the Candy vein returned significant gold, silver, copper, zinc and lead values. The highest-grade sample of outcropping vein returned 1.00 metre with 1.98 g/t Au, 514 g/t Ag, 1.03% Cu, 3.28% Zn and 4.45% Pb, and the highest grab sample collected from waste piles ("dumps") returned 1.34 g/t Au, 293 g/t Ag, 0.47% Cu, 0.38% Zn and 9.27% Pb. The second Nora vein is found 600 metres northeast of the Candy vein and can be traced for 230 metres along strike with widths of over 9.0 metres. Surface samples from this vein contained trace sulphides.

Soil samples collected along a grid covering the area surrounding the Candy and Nora veins and projected extensions over an area of three kilometers by two kilometers return elevated silver, base metal (copper, lead and zinc) and pathfinder (molybdenum and arsenic) values over a large area. The combination of the vein outcrops with large areas of anomalous silver and base metal values in soil samples may indicate a larger buried mineralized system at depth. In 2019 the Candy and Nora vein outcrops were sampled to define drill targets over a strike distance of 918 metres on the Candy vein and 160 metres on the Nora vein. Samples from the Candy vein outcrops returned consistently high silver, gold, copper, zinc and lead values. The Nora vein samples returned anomalous silver values and contained trace sulphides and a geochemical signature typical of the higher levels of an epithermal vein system.

The 2020 Phase-1 drill program included six core drill holes along four sections of the Candy vein over a strike distance of 500 metres, and two drill holes to test the Nora vein, for a total of eight drill holes and 1,744 metres. Results from the Candy vein were very encouraging with all six drill holes consistently intersecting significant gold-silver mineralization, and high-grade intercepts from drill holes NRC-20-04 and NRC-20-06, reported on October 24 and December 9, 2020.

The 2021 Phase-2 drill program was completed in July 2021 and included four core drill holes for a total of 932 metres, targeting the area below and in between NRC-20-06 and NRC-20-04. All four drill holes intersected the Candy vein on target, confirming vein structures which are wider, higher grade, and with more mineralized intercepts with depth than the 2020 drill intercepts.

In November and December 2021 a Phase-3 drill program was completed for three core drill holes for a total of 892 metres. Core drill hole NRC-21-13 targeted the Candy vein structure approximately 60 metres ('m') down dip below NRC-21-09, and drill holes NRC-21-14 and NRC-21-15 tested a new step out section 60 m north along strike from drill holes NRC-21-06 and NRC-21-09. All three drill holes intersected wide altered zones hosting the main Candy vein structure and a separate footwall vein all returning gold and silver values consistent with previous drill holes, with drill hole NRC-21-13 returning particularly high gold and silver grades, which confirm the continuity of the high gold and silver grades to depth in the Candy vein structure. The intercepts in NRC-21-14 and NRC-21-15 confirm the strike extension of the vein structure to the north. The results from the 2021 Phase-2 and Phase-3 drill program are included in the table and the long section below for reference.

During the period true width (TW) x grade values were reviewed for all drill holes completed to date on the Candy vein, The highest true width x grade value, cut in core drill hole NRC-21-11, was 11.29 m TW with 5.31 g/t gold ('Au') and 336 g/t silver ("Ag") for 748 g/t silver equivalent ("AgEq"), giving a TW x grade value of 8,445 g/t AgEq* x m. The highest grade was cut in core drill hole NRC-21-09 with 1.53 m TW returning 20.59 g/t Au and 1,290 g/t Ag for 2,886 g/t AgEq*, giving a TW x m value of 4,416 g/t AgEq* x m. Most drill holes cut multiple mineralized intercepts with a total of 26 intercepts in all 13 drill holes, and 18 intercepts in the 7 drill holes in the central 200-metre zone. The weighted average TW of all 26 intercepts was 2.06 m with 4.25 g/t Au and 356 g/t Ag for 696 g/t AgEq and TW x grade value of 1,434 g/t AgEq* x m. For the 18 intercepts in the central zone the weighted average TW was 2.65 m with 4.48 g/t Au and 381 g/t Ag for 734 g/t AgEq* and TW x grade value of 1,945 g/t AgEq* x m. The tables below include results from the 2021 drill programs, and selected results from the 7 drill holes within the 200-metre central zone returning True Width x Grade values of over 1,000 g/t AgEq* x m.

These results suggest that the Candy vein structure hosts consistently high-grade gold and silver mineralization over appreciable widths, which is open along strike and to depth for expansion. The widths and grades seen within the Candy vein structure form a strong base for delineating high value gold and silver mineralization, and the low base metal values in these drill intercepts suggest drilling to date is still in the higher levels of the system.

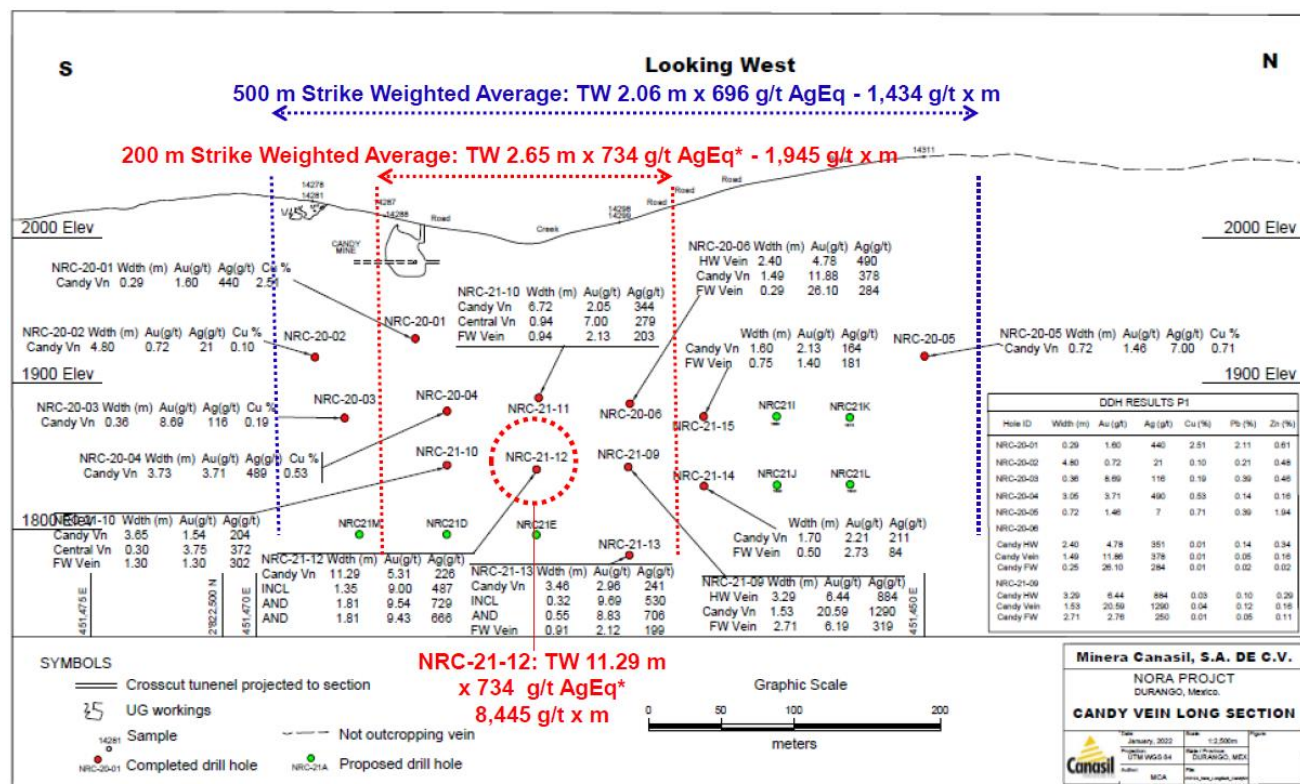
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Nora Silver-Gold Project, Durango State, Mexico – 2021 Candy Vein Drill Results NRC-20-09 to NRC-20-15										
Vein/Structure	From	To	Width	TW	Gold	Silver	Copper	Lead	Zinc	Ag. Eq.*
	Metres	Metres	Metres	Metres	g/t	g/t	%	%	%	g/t
Core Drill Hole NRC-21-09										
CANDY HW	180.97	184.60	3.63	3.29	6.44	884	0.03	0.10	0.22	1,383
INCLUDES	180.97	183.00	2.03	1.84	8.45	1,021	0.04	0.12	0.29	1,676
INCLUDES	182.00	183.00	1.00	0.90	9.36	1,100	0.02	0.13	0.24	1,825
CANDY CEN	190.00	191.00	1.00	0.90	1.65	431	0.00	0.03	0.14	559
CANDY CEN	194.90	196.60	1.70	1.53	20.59	1,290	0.04	0.12	0.29	2,886
INCLUDES	195.90	196.60	0.70	0.63	43.70	1,290	0.05	0.18	0.38	4,677
CANDY CEN	206.00	207.00	1.00	0.90	1.89	380	0.01	0.05	0.07	526
CANDY FW	210.00	213.00	3.00	2.71	2.76	250	0.01	0.05	0.11	464
INCLUDES	212.00	213.00	1.00	0.90	6.19	319	0.01	0.04	0.08	799
Core Drill Hole NRC-21-10										
CANDY HW	182.10	188.00	5.90	5.33	1.14	157	0.02	0.05	0.11	245
INCLUDES	183.02	185.00	1.98	1.85	2.45	284	0.03	0.03	0.13	474
AND	183.02	184.00	0.98	0.92	3.69	333	0.03	0.04	0.11	619
CANDY CEN	191.63	191.96	0.33	0.30	3.75	378	0.01	0.11	0.30	669
CANDY FW	209.55	211.00	1.45	1.36	1.30	302	0.01	0.07	0.13	403
INCLUDES	209.55	210.00	0.45	0.42	2.89	521	0.01	0.11	0.14	745
Core Drill Hole NRC-21-11										
CANDY HW	131.82	139.00	7.18	6.72	2.05	344	0.05	0.44	0.85	503
INCLUDES	132.45	134.00	1.55	1.45	2.41	430	0.03	0.53	0.73	617
AND	137.00	139.00	2.00	1.87	4.42	541	0.05	0.87	1.92	965
INCLUDES	137.00	138.00	1.00	0.94	2.92	766	0.06	0.96	2.13	1,083
AND	138.00	139.00	1.00	0.94	5.91	316	0.03	0.77	1.70	846
CANDY CEN	144.00	145.00	1.00	0.94	7.00	279	0.01	0.06	0.09	822
CANDY FW	169.00	170.00	1.00	0.94	2.13	203	0.01	0.05	0.06	381
Core Drill Hole NRC-21-12										
CANDY STRUCT.	209.50	222.00	12.50	11.29	5.31	336	0.02	0.06	0.17	748
CANDY HW	209.50	211.00	1.50	1.35	9.00	487	0.03	0.06	0.12	1,185
INCLUDES	210.00	211.00	1.00	0.90	11.20	396	0.02	0.04	0.11	1,264
CANDY CEN	212.00	214.00	2.00	1.81	9.54	729	0.04	0.13	0.36	1,468
INCLUDES	213.00	214.00	1.00	0.90	9.93	745	0.04	0.16	0.33	1,515
CANDY FW	220.00	222.00	2.00	1.81	9.43	666	0.04	0.07	0.11	1,397
INCLUDES	221.00	222.00	1.00	0.90	13.55	828	0.04	0.06	0.11	1,878
Core Drill hole NRC-21-13										
CANDY VEIN	295.20	299.00	3.80	3.46	2.96	241	0.15	0.02	0.21	489
INCLUDES	297.15	299.00	1.85	1.69	5.49	432	0.15	0.01	0.22	876
INCLUDES	297.15	297.50	0.35	0.32	9.69	530	0.33	0.02	0.25	1,323
AND	297.50	298.10	0.60	0.55	8.83	706	0.17	0.02	0.23	1,411
CANDY FW	303.00	304.00	1.00	0.91	2.12	199	0.00	0.01	0.01	363
Core Drill Hole NRC-21-14										
CANDY VEIN	217.30	218.90	1.60	1.43	2.13	164	0.09	0.12	0.14	340
INCLUDES	217.90	218.90	1.00	0.85	2.14	207	0.06	0.04	0.12	381
CANDY FW	227.20	227.95	0.75	0.67	1.40	181	0.01	0.03	0.14	290
Core Drill Hole NRC-21-15										
CANDY VEIN	185.15	186.85	1.70	1.54	2.21	211	0.06	0.03	0.21	390
INCLUDES	186.00	186.85	0.85	0.75	2.34	213	0.02	0.03	0.21	394
CANDY FW	210.00	210.50	0.50	0.45	2.73	83.70	0.00	0.04	0.13	296
*Silver Equivalent calculated based on metal prices below and assuming equivalent recoveries for all metals										
Au US\$ 1,850/Oz, Ag US\$ 23.87/Oz, Cu US\$4.40/lb, Pb US\$ 1.07/lb, Zn US\$ 1.63/lb; Pb & Zn less than 1% not included										

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Nora Silver-Gold Project, Durango State, Mexico – Selected Candy Vein Drill Results											
Vein/Str.	From	To	Width	TW	Gold	Silver	Copper	Lead	Zinc	AgEq*	TW x AgEq*
	M	M	M	M	g/t	g/t	%	%	%	g/t	g/t x m
Core Drill Hole NRC-20-04											
CANDY VEIN	139.52	143.25	3.73	3.05	3.71	489	0.53	0.14	0.16	838	2,556
Core Drill Hole NRC-20-06											
CANDY HW	132.85	135.50	2.65	2.40	4.78	351	0.01	0.14	0.34	721	1,730
CANDY VEIN	145.00	146.65	1.65	1.49	11.86	378	0.01	0.05	0.16	1,297	1,933
Core Drill Hole NRC-21-09											
CANDY HW	180.97	184.60	3.63	3.29	6.44	884	0.03	0.10	0.22	1,383	4,550
CANDY VEIN	194.90	196.60	1.70	1.53	20.59	1,290	0.04	0.12	0.29	2,886	4,416
CANDY FW	210.00	213.00	3.00	2.71	2.76	250	0.01	0.05	0.11	464	1,257
Core Drill Hole NRC-21-10											
CANDY HW	182.10	188.00	5.90	5.33	1.14	157	0.02	0.05	0.11	245	1,306
Core Drill Hole NRC-21-11											
CANDY HW	131.82	139.00	7.18	6.72	2.05	344	0.05	0.44	0.85	503	3,380
Core Drill Hole NRC-21-12											
CANDY STR.	209.50	222.00	12.50	11.29	5.31	336	0.02	0.06	0.17	748	8,445
Incl. CANDY HW	209.50	211.00	1.50	1.35	9.00	487	0.03	0.06	0.12	1,185	1,600
And CANDY VEIN	212.00	214.00	2.00	1.81	9.54	729	0.04	0.13	0.36	1,468	2,657
And CANDY FW	220.00	222.00	2.00	1.81	9.43	666	0.04	0.07	0.11	1,397	2,529
Core Drill hole NRC-21-13											
CANDY VEIN	295.20	299.00	3.80	3.46	2.96	241	0.15	0.02	0.21	489	1,692
*Silver Equivalent calculated based on metal prices below and assuming equivalent recoveries for all metals											
Au US\$ 1,850/Oz, Ag US\$ 23.87/Oz, Cu US\$4.40/lb, Pb US\$ 1.07/lb, Zn US\$ 1.63/lb; Pb & Zn less than 1% not included											

Nora Project, Candy Vein Long Section - 2020 and 2021 Drill Intercepts TW x AgEq*



Salamandra

The Salamandra zinc-silver project is located in Durango State, 35 kilometres northeast of the City of Durango, with excellent access by paved and gravel roads. The project area covers 14,719 hectares and 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.

Past drill intercepts of particular note at the Salamandra project are; SA-07-02 from 7.40 m to 17.25 m, an interval of 9.85 metres of 102 g/t Ag and 0.55% Zn, and from 27.65 m to 35.10 m, an interval of 7.45 metres with 50 g/t Ag, 12.00% Zn, and 0.22% Cu. Drill hole SA-07-03 returned 10.00 m of 71 g/t Ag, 3.48% Zn, and 1.26% Pb. Drill hole SA-13-13 carried low grade zinc mineralization throughout an interval of 810.16 metres with 0.60% Zn, including 31.72 m of 3.60% Zn. SA-14-15 returned 7.89 m of 166 g/t Ag, 1.20% Zn, 1.2% Cu, and 0.60% Pb, including 2.30 m of 393 g/t Ag, 2.8% Zn, 3.6% Cu, 0.40% Pb. These results have been reported in the Company's prior news releases dated 18 July, 2007, 17 March, 2014, and 21 July, 2014.

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 covers over 6,970 hectares located 200 kilometers northwest of the city of Durango, Mexico. In January 2017, Orex Minerals Inc. ('Orex') earned a 55% interest in the project by paying the Company \$500,000 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. The project is currently being advanced jointly by Pan American (60%) and Orex (40%).

Brenda

The Brenda gold-copper project covers 4,450 hectares (44.5 sq. km.), 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 drill holes, and petrographic studies of drill core samples. These programs have identified and intersected widespread porphyry gold-copper style mineralization.

Mineralization observed to date is characterized by drill holes BR-07-04 and BR-07-05 returning broad gold-copper mineralized zones with increasing grades to a depth of 560 metres, with the average grade of five intercepts above a depth of 450 metres returning 0.48 g/t gold and 0.079% copper over a combined intercept length of 394 metres; the average grade of three intercepts below 450 metres returned 0.68 g/t gold and 0.116% copper over a combined intercept length of 93 metres. The mineralized system averages 300 to 400 metres in width and has been traced along a strike length of 400 metres by drilling, with a potential strike length in excess of 1,000 metres when including the chargeability anomalies observed in a 3-Dimensional Induced Polarization geophysical survey.

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The Company undertook comprehensive technical reviews of the Brenda project data between 2016 and 2020. These reviews included three-dimensional geological modelling of the central White Pass zone, identification of prospective targets based on analysis of surface and downhole geochemical data using the porphyry elemental zoning model of Halley et al. (2015)¹ and applying the MDRU Porphyry Index or MPIx (Bouzari et al., 2019)², to vector towards higher grade Cu-Au mineralization. An updated NI 43-101 Technical Report was completed and filed on February 10, 2021. The Technical Report highlights include:

- The Brenda project is a Cu-Au±Mo porphyry system with potentially elevated gold and copper grades due to reactive intermediate to mafic host rocks cut by high-K calc-alkalic intrusions similar to those at important porphyry deposits worldwide.
- Modelling of the central White Pass zone, tested by 41 drill holes (10,034 metres), outlines a Mineralized Zone (MZ) characterized by drill intercepts of >0.1 g/t Au with approximate dimensions of 1,000 m by 400 m and from 100-600 m thick. A Higher-Grade Zone (HGZ) of >0.4 g/t Au has estimated dimensions of 200 m by 300 m and 150 m thick. Three-dimensional shapes for the MZ and HGZ were generated in similar fashion to that of grade shell interpolation using Leapfrog Geo.
- Multiple targets for additional copper-gold mineralization exist northeast, southeast, southwest and east of the Mineralized Zone. Multiple chargeability anomalies, just below the current shapes for the MZ and HGZ and to the northeast and southwest, as well as Au and Cu soil anomalies to the southeast and east have not been drill tested and are recommended for future exploration and drilling. Maps outlining the MZ and prospective target areas are included below for reference.
- The modelling also identified several gaps between mineralized intervals from past drilling. Targeted infill drilling may connect some of the existing higher-grade intervals thereby expanding the dimensions of the HGZ.
- 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 Benchmark Metals Lawyers project are important advantages.

The Brenda project remains an attractive prospect based on the results to date, excellent road access and proximity to Kemess with its advanced infrastructure including power grid and mining facilities.

The report titled "NI 43-101 Technical Report on the Brenda Gold-Copper Project" dated February 3, 2021 (the "Technical Report") is available on SEDAR (www.sedar.com), and on the Company's website (www.canasil.com). The Technical Report was prepared for Canasil by Robert A. (Bob) Lane, M.Sc., P. Geo., of Plateau Minerals Corp. Mr. Lane is a Qualified Person as defined under National Instrument 43-101 of the Canadian Securities Administrators - *Standards of Disclosure for Mineral Projects*.

¹ Halley, S., Dilles, J.H., and Tosdal, R.M., 2015, Footprints: Hydrothermal alteration and geochemical dispersion around porphyry copper deposits: SEG Newsletter, no. 100, p. 1, 12-17.

² Bouzari, F., Bissig, T., Hart, C.J.R., and Leal-Meija, H., 2019, An exploration framework for porphyry to epithermal transitions in the Toodoggone mineral district (94E): Geoscience BC Report 2019-18, 105 p.

Vega

The Vega project is located in north-central British Columbia, approximately 300 kilometres northwest of Prince George, BC, with access via the Omineca Mines Access Road and logging roads. The project covers 9,002 hectares on the Quesnel trough trend running through central British Columbia and hosting the Mount Milligan, Chuchi, Kwanika, Lorraine and Cat porphyry deposits. There are several showings in the eastern and western sectors of the Vega property prospective for hosting copper-gold porphyry mineralization. Most of the past exploration work done by Canasil has been focused on the Vega Showings located in the eastern portion of the property. More recent work has identified additional gold/copper showings on the western side of the property, most notably the Pluto showing. Recent prospecting, airborne magnetics geophysical, and LIDAR surveys covering the property area returned encouraging results highlighting structural corridors which are prospective for hosting mineralized systems both in the east and west of the project area.

In September 2019 a geological mapping and surface sampling program was completed to investigate prospective targets zones on the Vega project. The field work encompassed a detailed "base-of-slope" sampling programme on 100-metre spacings within a core area that is approximately 6.5 by 7.5 kilometres in size. The area selected is within the western half of the Vega Property and was intended to complete "first-pass" coverage of a prospective tract

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characterized by several copper, gold and silver showings and intense rock alteration that maybe related to magnetic anomalies and porphyritic intrusive rocks.

Recent results identified anomalous and often high-contrast copper, gold and molybdenum anomalies, sometimes associated with strong magnetic anomalies. Three large "clusters" are evident, including:

1. Anomaly 1, which suggests extensions to the Pluto showing, may exist up to 2,000 metres north from the original showing. This extension has not been previously mapped or prospected;
2. Anomaly 2, downslope from a new 2019 mapping/prospecting discovery of outcropping copper mineralization associated within an area of magnetite-epidote (propylitic) veining in quartz diorite intrusive. A grab sample from this area returned 2.26% Cu and 0.145 g/t Au;
3. Anomaly 3, occurring on both flanks of Thane Creek close to the possible contact of Hogen Batholith units with Triassic-aged volcanic rocks. This area is reported to have several (poorly located) RGS Minfile showings recording anomalous copper and gold values. Prospecting and mapping along Thane Creek identified abundant quartz-sericite-pyrite and potassic feldspar+biotite+hematite -altered quartz diorite float as well as localized fracture-controlled quartz+pyrite+mica veinlets with trace chalcopyrite;
4. Additional anomalies are present within the survey area.
5. Areas of silicification, sericite-pyrite and feldspar-hematite alteration were encountered that are very encouraging signs of a hydrothermal environment for hosting porphyry style copper-gold mineralization.

Additional exploration is recommended. Exploration interest in the region of the Vega project has increased significantly since 2020. Several property option agreements have been signed by other companies, staking has increased, and numerous exploration initiatives are currently underway in the area. During the first quarter of 2021 the Company undertook a comprehensive review of the Vega project data, and in the fourth quarter 2021 completed a limited IP geophysical survey over the Pluto showing.

Technical

Robert Brown, P. Eng. British Columbia, and Advisor to the Board of Canasil, is the Company's designated Qualified Person in accordance with National Instrument 43-101 in relation to data provided with regard to exploration programs undertaken by the Company.

CAUTIONARY NOTE

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.

Approval

The Board of Directors of the Company has approved the disclosure contained in this interim MD&A – Quarterly Highlights. 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, and on the Company's website at www.canasil.com.