



Interim Management's Discussion and Analysis

Quarterly Highlights

For the Six Months Ended June 30, 2023

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 five 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 17, 2023, and provides information on the Company's activities for the six months ended June 30, 2023, and subsequent activity to the date of this report. Consequently, this MD&A should be read in conjunction with the Company's June 30, 2023 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.sedarplus.ca.

QUARTERLY HIGHLIGHTS

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

- completed its annual audit and filed its 2022 annual audited consolidated financial statements and annual MD&A as well as its first quarter financial statements and MD&A;
- signed an option agreement with Silver Dollar Resources Inc. ("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 on the property of \$3,000,000 over five years. Should Silver Dollar earn its interest, the Company would retain a 3% NSR of which 1% (one-third) could be purchased by Silver Dollar for \$3,000,000;
- signed an exclusivity agreement with Silver Dollar that provided Silver Dollar with a period of two months to conduct due diligence on the assets of the Company and consider a corporate merger. Silver Dollar terminated the exclusivity period on June 12, 2023 due to general market conditions. The agreement provided the Company with a \$200,000 non-interest-bearing loan repayable in cash or units at the Company's option;
- In August 2023, the Company issued 6,666,667 units at a price of \$0.03 per unit in settlement of the loan payable to Silver Dollar in the amount of \$200,000. Each unit consisted of one common share and one share purchase warrant entitling Silver Dollar to purchase one additional common share at a price of \$0.05 per share for a period of two years;

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

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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. However, due to the marked drop in gold and silver prices in 2022, and continued challenging resource market conditions in 2023 to date, the Company has not been able to arrange funding for continued exploration programs. The company has explored avenues to arrange a potential business combination or cooperation agreements to maintain its operations. The difficult funding environment for exploration companies together with the recently announced changes to the Mexican mining laws in May 2023 (see below) have posed additional barriers to concluding any arrangements. This has left the Company with a negative working capital position and limited avenues for funding its operating requirements.

Market Conditions

In 2021, in spite of significant post COVID 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 2021 at US\$1,807 and US\$23.10 per ounce, respectively. With rising inflation and political tensions in eastern Europe leading to the Russian invasion of Ukraine in late February 2022, gold and silver prices initially moved higher but with increasing interest rates later dropped to a low of \$1,650 per ounce gold and \$18 per ounce silver by August-September 2022. This had a marked negative impact on market conditions, share prices, and funding opportunities for exploration companies. Gold and silver prices closed 2022 at US\$1,850 per ounce gold and US\$24 per ounce silver. In 2023 after increasing to US\$2,050 per ounce gold and \$26 per ounce silver in early May, gold and silver prices have dropped and traded at US\$1,890 per ounce gold and US\$23 per ounce silver at the date of this report. Copper prices have also been volatile to date, increasing to US\$4.80 per pound and falling to US\$3.72 per pound at the date of this report.

The volatility in gold and silver prices and very negative market sentiment resulting is significantly lower share prices and market interest, particularly for smaller exploration companies, have resulted in a very challenging funding environment within the industry.

In addition, 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

As at June 30, 2023, the Company had a working capital deficiency (current assets less current liabilities) of \$543,048, compared to a deficiency of \$179,541 at December 31, 2022. 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, 2023	December 31, 2022
Cash	\$ 17,272	\$ 54,272
Receivables	8,723	25,585
Prepaid expenses	3,595	20,051
Accounts payable and accrued liabilities	(157,638)	(169,449)
Amounts due to related parties	(215,000)	(110,000)
Loan payable	(200,000)	-
Working capital position	\$ (543,048)	\$ (179,541)

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Liquidity and Financial Resources

The Company has no income from operations and 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 \$363,507, which included administrative expenses of \$232,469 and exploration and evaluation expenses of \$131,038. The Company was inactive in the field and moved to reduce expenses wherever possible due to a lack of financial resources. 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's current working capital is insufficient to meet its budgeted overhead and exploration and land holding requirements for the ensuing twelve months. The loan payable of \$200,000 was settled in August 2023 for units of the Company and related parties are currently not requesting payments of amounts due to them. Subsequent to June 30, 2023, the Company began notifying certain of its personnel in Mexico that they would be let go and the Company expects severance liabilities to arise from this action. In the short-term, the Company will need to raise capital, however, there is no assurance that the Company will be successful in securing the financing required to continue operations and advance its mineral projects.

FINANCIAL PERFORMANCE

Loss and comprehensive loss

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

	2023		2022	
General and administrative expenses	\$	122,094	\$	117,522
Exploration and evaluation expenditures		65,144		68,805
Loss and comprehensive loss for the quarter	\$	187,238	\$	186,327

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

	2023		2022	
General and administrative expenses	\$	235,694	\$	258,922
Exploration and evaluation expenditures		131,038		219,769
Loss and comprehensive loss for the period	\$	366,732	\$	478,691

General and administrative expenses and exploration and evaluation expenditures for the current six-month period were lower than the comparative period due to reduced corporate and exploration activities resulting from a lack of financial resources.

Cash Flows

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

	2023		2022	
General and administrative expenses	\$	(232,469)	\$	(253,657)
Exploration and evaluation expenses		(131,038)		(219,769)
Changes in non-cash working capital items		126,507		90,357
Proceeds of loan payable		200,000		-
Share capital issued for cash		-		15,000
	\$	(37,000)	\$	(368,069)

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 quarter provided a source of cash of \$126,507 due primarily to a reduction in accounts receivable and prepaids, with an increase in accounts payable and due to related parties as the

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Company's cash resources were low. In April 2023, the Company received proceeds of \$200,000 from an interest-free loan from Silver Dollar. In May 2021, the Company received proceeds of \$15,000 for the exercise of warrants.

MAJOR OPERATING MILESTONES

In response to the Company experiencing a delay in filing its annual financial statements and MD&A by the May 1, 2023 deadline, on May 3, 2023, the British Columbia Securities Commission granted the Company a temporary management cease-trade order ("MCTO") prohibiting the trading in securities of the Company by the chief executive officer and the chief financial officer. The Company completed its annual filing on June 15, 2023 and filed its first quarter interim financials and interim MD&A on June 22, 2023. The MCTO was revoked on June 23, 2023. The Company also worked with Silver Dollar during its due diligence period from April 19, 2023 to June 12, 2023 when it terminated its exclusivity period. In August 2023, the Company settled the loan payable to Silver Dollar by issuing units of the Company.

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:

	2023	2022
Salaries – chief executive officer	\$ 75,000	\$ 112,500
Management fees – chief financial officer	30,000	30,000
Director fees	-	9,000
	<u>\$ 105,000</u>	<u>\$ 151,500</u>

As at June 30, 2023, accounts payable and accrued liabilities include \$150,000 due to the chief executive officer and \$65,000 due to the chief financial officer for services rendered during 2022 and 2023.

OUTSTANDING SHARE DATA

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

	August 17, 2023	June 30, 2023	December 31, 2022
Shares issued and outstanding	143,814,280	137,147,613	137,147,613
Outstanding stock options	8,475,000	8,475,000	8,475,000
Outstanding warrants	14,192,658	7,525,991	11,475,991
Diluted shares outstanding	166,481,938	153,148,604	157,098,604

During the period, 3,950,000 warrants expired. In August 2023, the Company issued 6,666,667 shares and 6,666,667 warrants in settlement of the Silver Dollar loan. Notes 4 and 5 to the Company's June 30, 2023 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% (subject to an option to earn a 100% interest by Silver Dollar)• 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%• Nalt, copper property – option to acquire 100%
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La Esperanza

The La Esperanza silver-gold-zinc-lead project covers 14,916 hectares 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.

Results of drill programs on the La Esperanza vein confirmed a mineralized envelope of 525 metres ("m") along strike and 350 m to depth. Significant drill intercepts reported in past news releases include:

- ES-06-05 in the central section returned 13.10 m (true width ("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.
- 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.
- 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.
- 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 gold ("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.

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. Continued drilling will be focused along strike and below drill holes ES-17-17 and ES-17-19 in the northwest, and along strike and below drill holes ES-17-16 and ES-18-21 in the southeast.

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, as shown in the table and long section below. 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 confirm a strong mineralizing environment and are encouraging indicators for continued drilling.

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.

Nora

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

In April 2023, the Company signed an option 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 on the property of \$3,000,000 over five years. Should Silver Dollar earn its interest, the Company would retain a 3% NSR of which 1% (one-third) could be purchased by Silver Dollar for \$3,000,000.

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 Candy vein structure remains open in both directions along strike and to depth for continued drill testing, and the low base metal values in these drill intercepts suggest drilling to date is still in the higher levels of the system.

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 metres to 17.25 metres, an interval of 9.85 metres of 102 g/t Ag and 0.55% Zn, and from 27.65 metres to 35.10 metres, an interval of 7.45

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metres with 50 g/t Ag, 12.00% Zn, and 0.22% Cu. Drill hole SA-07-03 returned 10.00 metres 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 metres of 3.60% Zn. SA-14-15 returned 7.89 metres of 166 g/t Ag, 1.20% Zn, 1.2% Cu, and 0.60% Pb, including 2.30 metres 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.

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 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 IP geophysical survey.

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

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

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

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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. This survey was extended in 2022.

Nalt

The Nalt project is located in north-central British Columbia approximately 60 kilometres southwest of Prince George. The Company has an option to earn a 100% interest in the Nalt claims by incurring exploration expenditures of \$50,000 in the first year (incurred), \$200,000 in the second year, and by paying the owner \$250,000 and issuing 2,000,000 shares of the Company by November 5, 2024. Should the Company earn its interest, it would grant the optionor a 2% NSR, 0.5% (one quarter) of which can be purchased by the Company for \$2,000,000.

In November 2022, the Company completed an initial geophysical survey at the Nalt project.

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.sedarplus.ca, and on the Company's website at www.canasil.com.