



Interim Management Discussion and Analysis (“MD&A”) For the Nine Months Ended September 30, 2025

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 November 26, 2025 and provides information on the Company’s activities for the quarter ended September 30, 2025, and subsequent activity to the date of this report. Consequently, this MD&A should be read in conjunction with the Company’s December 31, 2023 and 2024 consolidated financial statements, 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, 2023 and 2024.

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.

OVERVIEW AND UPDATE

The Company was effectively inactive in 2024 due to the cease trade order issued in December 2023 and lack of working capital to maintain any operations. In 2023 the Company faced considerable financial challenges due to its inability to arrange any financing, and due to the financial liabilities related to a proposed business combination in late 2022 and early 2023, primarily legal and associated fees, the Company was not in a financial position to maintain its operations.

In December 2023, a Cease Trade Order (CTO) was issued due to the Company’s failure to file the Q3 2023 financial reports, and the Company was effectively dormant through 2024 with no funding to maintain any operations, and the Company remained cease-traded through the year. However, the Company was able to monitor the status of its mineral claims and exploration activities in areas of interest, and in particular on adjacent properties. These included the Brenda property in the Toodoggone District in north-central BC, Canada, and significant expenditures by Amarc Resources Ltd. (“Amarc”) on its JOY project funded by Freeport-McMoran Mineral Properties Canada Inc. (“Freeport”) under an option agreement between Amarc and Freeport. The JOY project surrounds the Brenda property on three sides, and in May and July 2024 Amarc announced plans for extensive drill programs at the JOY project, including in an area immediately adjacent to the Brenda property border which had returned interesting geochemical and geophysical results.

In January 2025, Amarc announced the major AuRORA discovery at the JOY project. 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 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 CAD \$35 million, 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 recently commenced an approved \$10 M 2025 exploration program, which includes substantial drilling at the JOY District in north-central British Columbia. Amarc also added that further to its February 2025 mineral property option agreement with Canasil pursuant to which Amarc could acquire a 100% interest in the 44.5 km² Brenda Property, 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 is a very positive development for the Brenda property whereby future exploration expenditures by Amarc will be funded by Freeport and Freeport has a direct stake in the Amarc-Canasil Brenda option agreement.

As a September 30, 2025, Amarc reported that during the prior quarter it had completed active exploration on the Brenda property, including collection of 38 soil samples, 64 silt samples, 125 rock chip samples, re-logging and re-assaying/assaying of 4 drill holes, geological mapping, 4.3 km² of aeromagnetic surveying at 100 m line spacing, compilation of historical geochemical samples, historical mapping, and compilation and interpretation of historical drill core logs has commenced and is ongoing.

The initial \$400,000 option payment was received in February 2025 which allowed the Company to resume operations. Substantially all outstanding liabilities to third parties were settled so that at the end of the first quarter 2025 the Company had minimal outstanding liabilities to third parties. During the second quarter 2025, the Company completed the outstanding 2023 and 2024 annual audits and filed the required annual reports. The Company also completed and filed its first quarter 2025 report in order to be up to date with all of its filing requirements and completed the applications with BCSC for revocation of the CTO on June 11, 2025. The BCSC issued full revocation order of the CTO on September 5, 2025, enabling the Company to apply immediately to the TSX-V for re-instatement of trading. The TSX-V issued the re-instatement of trading order on September 22, 2025, and full trading in the Company’s securities commenced on September 25, 2025. During the CTO the Company has been moved from the TSX-V Tier 2 status to the TSX-V NEX Exchange, primarily reserved for companies undergoing re-organization. The Company has applied to the TSX-V to move from NEX back to Tier 2 as the Company is not undergoing any reorganization and is continuing with its original business without any changes and without any restructuring of its shares.

Canasil Resources Inc.
Interim Management Discussion and Analysis ("MD&A")
For the Nine Months Ended September 30, 2025

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 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. The Company has also prepared drill plans for its Vizcaino gold-silver project in Durango, Mexico, and will be applying for drill permits based on these plans for a total 2,450-metre HQ diamond core drilling program in 14 drill holes, which is contingent on additional funding to maintain and advance the Company's mineral exploration projects

OUTLOOK

Gold, Silver and Copper prices have been increasing since January 2024 to late November 2025, gold increasing from US\$2,024 to US\$4,116 per ounce (+103%), and silver from US\$22.20 to US\$50.96 per ounce (+129.5%). Copper has increased from US\$3.70 in January 2024 to US\$4.86 per pound in November 2025 (+31.4%). The increasing precious and base metal prices since early 2024, in particular gold and silver prices, have changed the landscape for 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 is improving, and there is significantly 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.

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. 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. This provides 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 September 30, 2025, the Company had a working capital deficiency of \$188,976 (December 31, 2024 – \$369,165). 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 has incurred operating losses since inception, and as at September 30, 2025, had an accumulated deficit of \$33,781,144 (December 31, 2024 - \$33,951,333).

Canasil Resources Inc.
Interim Management Discussion and Analysis (“MD&A”)
For the Nine Months Ended September 30, 2025

The Company’s September 30, 2025, condensed interim consolidated financial statements on 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

Nine months ended September 30, 2025

The Company had net and comprehensive income of \$170,189 for the nine months September 30, 2025, (2024 – loss of \$97,348). 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.

Three months ended September 30, 2025

The Company had a loss and comprehensive loss of \$103,865 for the three months September 30, 2025, (2024 – \$27,167). 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:	Sep. 30, 2025	Jun. 30, 2025	Mar. 31, 2025	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income (loss) and comprehensive income (loss)	(103,865)	(107,876)	381,930	(18,754)	(27,167)	(38,506)	(31,675)	(144,186)
Income (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 September 30 2025, was \$103,865 compared to a comprehensive income 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.

Canasil Resources Inc.
Interim Management Discussion and Analysis (“MD&A”)
For the Nine Months Ended September 30, 2025

Net loss and comprehensive loss for the three-month period ended March 31, 2024, was \$31,675 compared to \$144,186 for the three-month period ended December 31, 2023. The significant decrease is a result of reduced operating costs subsequent to the December 5, 2023, cease trade order including consulting, investor relations, legal fees, listing and filing fees, management fees, office services and supplies, salaries and shareholder communications. There were no significant changes during the quarters ended December 31, 2023, September 30, 2023, June 30, 2023, when compared to each preceding quarter.

CASH FLOWS

During the period ended September 30, 2025, the Company had the following cash fluctuations:

- i) Cash provided by operating activities of \$50,084 (2024 - cash used for operating activities of \$1,352) as a result of receipt of the \$400,000 option payment for the Brenda property, payment of certain outstanding payables, and minimal general administrative and exploration costs required to maintain the company.

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 September 30, 2025 and 2024 is as follows:

	2025	2024
Salaries – Bahman Yamini, CEO, management services	\$ 112,500	\$ 28,125
Management and accounting fees – Cross Davis & Company, a firm in which Dave Cross, CFO has an interest	30,000	-
	<u>\$ 142,500</u>	<u>\$ 28,125</u>

As at September 30, 2025, amounts due to related parties include:

- i) \$310,000 (December 31, 2024 - \$300,000) 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) \$65,000 (December 31, 2024 - \$65,000) due to the former chief financial officer, namely Kerry Spong.

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-MAG 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 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.

Canasil Resources Inc.
Interim Management Discussion and Analysis (“MD&A”)
For the Nine Months Ended September 30, 2025

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.

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.

Canasil Resources Inc.
Interim Management Discussion and Analysis (“MD&A”)
For the Nine Months Ended September 30, 2025

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-Freepoort’s adjacent JOY project with the recent AuRORA discovery are important advantages.

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 announcing 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/>).

As a September 30, 2025, Amarc reported that during the prior quarter it had completed active exploration on the Brenda property, including collection of 38 soil samples, 64 silt samples, 125 rock chip samples, re-logging and re-assaying/assaying of 4 drill holes, geological mapping, 4.3 km² of aeromagnetic surveying at 100 m line spacing, compilation of historical geochemical samples, historical mapping, and compilation and interpretation of historical drill core logs has commenced and is ongoing.

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 regard to exploration programs undertaken by the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company’s financial instruments consist of the following:

	September 30, 2025		December 31, 2024	
Cash				
Cash on deposit	\$	54,949	\$	4,865
Receivables				
Goods and services tax and other	\$	10,936	\$	4,717
Reclamation bonds	\$	47,000	\$	47,000
Accounts payable	\$	147,085	\$	268,310
Amounts due to related parties	\$	375,000	\$	365,000

Canasil Resources Inc.
Interim Management Discussion and Analysis (“MD&A”)
For the Nine Months Ended September 30, 2025

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 \$112,885 and represents the Company’s maximum exposure to credit risk as at September 30, 2025 (December 31, 2024 - \$56,582).

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 September 30, 2025, 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.

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.

Canasil Resources Inc.
Interim Management Discussion and Analysis (“MD&A”)
For the Nine Months Ended September 30, 2025

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies during the period ended September 30, 2025. The Company’s material accounting policies, and recent pronouncements, are provided in Note 2 of the September 30, 2025, unaudited condensed interim consolidated financial statements on 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.

CHANGES IN DIRECTORS AND MANAGEMENT

During the period from January 1, 2025 to November 26, 2025, the Company announced that Gary Nordin joined the Company’s board of directors and David Cross was appointed the Company’s CFO.

OUTSTANDING SHARE DATA

At November 26, 2025, the Company had 143,814,280 common shares outstanding.

At November 26, 2025, the Company had outstanding warrants and stock options enabling holders to acquire common shares as follows:

	Number of Shares	Exercise Price	Expiry
Options	2,750,000	\$ 0.11	December 21, 2025
	1,500,000	\$ 0.15	May 17, 2026
	4,250,000		

Approval

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