



Management's Discussion and Analysis For the Year Ended December 31, 2023 and 2024

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 is currently subject to a Cease Trade Order (CTO) issued on December 6, 2023, for failure to file the Q3 2023 financial reports. The Company is currently taking steps to have the cease trade order revoked.

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

This Management's Discussion and Analysis ("MD&A") is dated May 26, 2025 and provides information on the Company's activities for the year ended December 31, 2023 and 2024, 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. After a failed attempt for a business combination with Silver Viper Minerals Corp. ("Silver Viper") from September 2022 to January 2023, and the financial liabilities related to the proposed business combination, primarily legal and associated fees, the Company was not in a financial position to maintain its operations.

In April 2023 the Company signed an option and exclusivity 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 of \$375,000 and incurring exploration expenditures of \$3,000,000 over five years, including a 3% NSR of which 1% (one-third) could be purchased by Silver Dollar for \$3,000,000. The exclusivity agreement provided the Company with a \$200,000 non-interest-bearing loan repayable in cash or units at the Company's option, and provided Silver Dollar 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 loan allowed the Company to maintain basic operations and to complete the year-end 2022 audit and file the 2022 financial reports. In August 2023, the Company issued 6,666,667 units at a price of \$0.03 per unit, including one common share and one share purchase warrant to purchase one additional common share at a price of \$0.05 per share for a period of two years, in settlement of the loan payable to Silver Dollar in the amount of \$200,000.

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. 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.

There were no other operations in 2024 due to financial constraints 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. The JOY project surrounds the Brenda property on three sides, and is under an option agreement between Amarc and Freeport-McMoRan Mineral Properties Canada Inc. 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.

Subsequent to December 31, 2024, 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 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.

The initial \$400,000 option payment was paid in February 2025, and allowed the Company to resume operations. The immediate priority has been to settle all outstanding liabilities to third parties, and to update the financial reports and complete the 2023 and 2024 audits in order to file the required reports and apply to revoke the CTO. The Company has also been actively assessing the status of its mineral claims in Mexico and BC as it returns to active operations. As of the date of this report, the 2023 and 2024 audits have been completed and the Company is proceeding to file the respective reports.

OUTLOOK

Gold, Silver and Copper prices were relatively stable with no major gains from year-end 2022 to 2023, gold increasing from \$1,900 to \$2,100 (+10.5%), silver remaining around \$24.20 per ounce and copper dropping from \$4.10 to \$3.85 per pound (-6%). Since January 2023 there has been a marked increase in gold and silver prices, gold increasing from \$2,100 to \$3,350 in early May 2025 (+59.5%), and silver from \$24.25 to \$32.90 (+35.7%). Copper has increased from \$3.85 in January 2024 to \$4.60 per pound in May 2025 (+19.5%). The increasing precious and base metal prices since early 2024, in particular gold 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 still challenging, but 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 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.

Canasil Resources Inc.
Management's Discussion and Analysis ("MD&A")
For the Year Ended December 31, 2023 and 2024

FINANCIAL CONDITION AND GOING CONCERN

The Company's continuing operation is dependent upon the confirmation of reserves, the ability of the Company to obtain the financing necessary to maintain operations and successfully complete its exploration and development, and the attainment of future profitable production.

As at December 31, 2024 the Company had a working capital deficiency of \$369,165 (2023 – \$277,845). 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 December 31, 2024, had an accumulated deficit of \$33,951,333 (2023 - \$33,835,013).

The Company's December 31, 2023 and 2024, 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

Three months ended December 31, 2024

The Company had net and comprehensive loss of \$25,749 for the three months December 31, 2024, (2023 \$144,186). 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.

Year ended December 31, 2024

The Company had net and comprehensive loss of \$116,320 for the year ended December 31, 2024, (2023 – \$576,283). 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.

SELECTED ANNUAL INFORMATION

The information in the following table provides selected financial information of the Company for 2024 and the two preceding years. This information derives from the Company's annual consolidated financial statements and should be read in conjunction with those statements and related notes.

Year Ended December 31	2024	2023	2022
Total Revenue	\$ Nil	\$ Nil	\$ Nil
Net loss and Comprehensive Loss for the Year	\$ 116,320	\$ 576,283	\$ 899,548
Net loss per Share – Basic and Diluted	\$ 0.00	\$ 0.00	\$ 0.01
Total Assets	\$ 61,145	\$ 70,130	\$ 199,887
Working Capital (Deficiency)	\$ (369,165)	\$ (277,845)	\$ (179,541)
Long-Term Liabilities	\$ 250,000	\$ 225,000	\$ Nil
Shareholders' Equity (Deficiency)	\$ (572,165)	\$ (455,845)	\$ (79,562)

Canasil Resources Inc.
Management's Discussion and Analysis ("MD&A")
For the Year Ended December 31, 2023 and 2024

2024 compared to 2023

Loss and comprehensive loss for the year decreased to \$116,320 (2023 - \$576,283). The Company was cease traded on December 5, 2023, resulting in a significant decrease in operating costs in fiscal 2024. There were no significant fluctuations for other items listed in the table.

2023 compared to 2022

Loss and comprehensive loss for the year decreased to \$576,283 (2022 - \$899,548). Significant fluctuations were primarily a result of:

- i) Director fees were reduced to \$Nil in fiscal 2023 (2022 - \$24,000), as a result of the Company's cost reduction efforts.
- ii) Exploration and evaluation expenditures decreased to \$186,226 in fiscal 2023 (2022 - \$468,196) primarily as a result of reduced expenditures, particularly related to the La Esperanza and Nora.
- iii) Management fees decreased to \$30,000 in fiscal 2023 (2022 - \$60,000) as a result of a decrease in the fees accrued to the former CFO.
- iv) Office services and supplies decreased to \$36,547 (2022 - \$89,105), as a result of the Company's cost reduction efforts.

Long-Term Liabilities increased to \$225,000 in fiscal 2023 (2022 - \$Nil), as a result of the CEO agreeing to defer collectability. Total Assets decreased to \$101,816 as at December 31, 2023 (2022 - \$199,887) primarily as a result of a decrease in cash, receivables and prepaids.

FOURTH QUARTER

During the three months ended December 31, 2024 the Company did not have any significant events or transactions.

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:

Year	2024				2023			
Quarter ended:	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	(25,749)	(28,068)	(30,828)	(31,675)	(144,186)	(137,000)	(139,693)	(155,404)
Loss per share: basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

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.

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 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.

Canasil Resources Inc.
Management's Discussion and Analysis ("MD&A")
For the Year Ended December 31, 2023 and 2024

CASH FLOWS

During the year ended December 31, 2024, the Company had the following cash fluctuations:

- i) Cash used for operating activities of \$14,728 (2023 - \$279,633) as a result of minimal general administrative and exploration costs required to maintain the company.
- ii) Cash provided by investing activities of \$12,641 (2023 - \$32,313), as a result of proceeds received from the sale of assets.

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 years ended December 31 is as follows:

	2024		2023	
Salaries – Bahman Yamini, CEO, Salaries	\$	75,000	\$	150,000
Management fees – Kerry Spong, former CFO, Management fees		-		30,000
	\$	75,000	\$	180,000

As at December 31, 2024, amounts due to related parties include:

- i) \$300,000 (2023 - \$225,000) due to the chief executive officer, namely Bahman Yamini, of which \$250,000 (2023 - \$225,000) is non-current.
- ii) \$65,000 (2023 - \$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.

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

Canasil Resources Inc.
Management's Discussion and Analysis ("MD&A")
For the Year Ended December 31, 2023 and 2024

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.

Brenda

The Brenda gold-copper project is located in north-central British Columbia, 25km northwest of Centerra Gold's former Kemess South mine and 15km northwest of the proposed Kemess Underground mine and Kemess East deposit, in a region recognized for hosting porphyry gold and copper deposits. Systematic exploration programs on the Brenda project have included geological mapping and surface sampling, satellite surveys, airborne and ground geophysics, 12,067 metres of diamond drilling in 65 holes, and petrographic studies of drill core samples. These programs have identified and intersected widespread porphyry gold-copper style mineralization.

The Project has excellent road access with a fully equipped exploration camp. Proximity to Centerra Gold Inc.'s (Centerra Gold) former Kemess South mine infrastructure, fully permitted proposed Kemess Underground mine, and Amarc-Freeport's adjacent JOY project with the recent AuRORA discovery are important advantages.

Subsequent to December 31, 2024, 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.

Canasil Resources Inc.
Management's Discussion and Analysis ("MD&A")
For the Year Ended December 31, 2023 and 2024

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:

	2024		2023	
Cash				
Cash on deposit	\$	4,865	\$	6,952
Receivables				
Goods and services tax and other	\$	4,717	\$	10,605
Reclamation bonds	\$	47,000	\$	47,000
Accounts payable	\$	268,310	\$	235,975
Amounts due to related parties	\$	365,000	\$	290,000

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 \$56,582 and represents the Company's maximum exposure to credit risk as at December 31, 2024 (2023 - \$64,557).

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 December 31, 2024, 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.

Canasil Resources Inc.
Management's Discussion and Analysis ("MD&A")
For the Year Ended December 31, 2023 and 2024

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.

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies during the year ended December 31, 2024. The Company's significant accounting policies, and recent pronouncements, are provided in Note 2 to the December 31, 2024 audited 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, 2024 to May 26, 2025, the Company announced that:

- i) Gary Nordin joined the Company's board of directors and David Cross was appointed the Company's CFO.
- ii) Kerry Sprong resigned as CFO and Michael McInnis and Arthur Freese resigned as directors, effective August 2024.

Canasil Resources Inc.
Management's Discussion and Analysis ("MD&A")
For the Year Ended December 31, 2023 and 2024

OUTSTANDING SHARE DATA

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

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

	Number of Shares	Exercise Price	Expiry
Warrants	3,082,741	\$ 0.08	October 24, 2025
	2,268,250	\$ 0.08	October 26, 2025
	6,666,667	\$ 0.05	August 14, 2025
	12,017,658		
Options	1,325,000	\$ 0.08	May 22, 2025*
	250,000	\$ 0.11	November 9, 2025
	2,750,000	\$ 0.11	December 21, 2025
	1,500,000	\$ 0.15	May 17, 2026
	5,825,000		

* Subsequently expired unexercised.

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.