

**CANADIAN NORTH RESOURCES INC.
(FORMERLY CANADIAN NORTH RESOURCES AND
DEVELOPMENT CORP.)**

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –
QUARTERLY HIGHLIGHTS**

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2023

Introduction

The following Interim Management's Discussion & Analysis ("Interim MD&A") of Canadian North Resources Inc. (the "Company" or "Corporation" or "Canadian North") has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2022. This Interim MD&A does not provide a general update to the Annual MD&A, nor reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited annual consolidated financial statements of the Company for the years ended December 31, 2022, and December 31, 2021, and the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2023, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and nine months ended September 30, 2023, are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at November 27, 2023, unless otherwise indicated.

The unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2023, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Caution Regarding Forward-Looking Statements

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events

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or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Canadian North's ability to predict or control. Please also refer to those risk factors referenced in the “Risks and Uncertainties” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Canadian North's actual results, performance, or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. So, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether because of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Description of Business

Canadian North is an exploration and development company, focusing on the base metal (nickel, copper, cobalt) and platinum-group metals (PGM, mainly palladium, platinum, and rhodium), all being the critical minerals for high-tech, clean energy, battery, and electric vehicle (EV) industries. The Company currently owns 100% interest in its flagship Ferguson Lake property in the Kivalliq region of southern Nunavut Territory. It is an advanced exploration project that holds palladium, platinum, rhodium, copper, nickel, and cobalt. In addition, the Company also explores at the Mac Island and Quartzite Lake gold prospects, southwest of the Ferguson Lake property in Nunavut.

Outlook and Overall Performance

The Company has no revenues, so its ability to ensure continuing operations is dependent on it completing the acquisition of its mineral property interests, the discovery of economically recoverable reserves, confirmation of its interest in the underlying mineral property, and its ability to obtain necessary financing to complete the exploration activities, development, and future profitable production.

On September 30, 2023, the Company had a net working capital of \$57,869 (December 31, 2022 – \$11,899,343), which excludes the flow-through share liability of \$5,401 (December 31, 2022 - \$3,082,559). The Company had cash and cash equivalents of \$1,891,327 (December 31, 2022 - \$11,067,170). Working capital and cash and cash equivalents decreased during the period ended September 30, 2023, due to exploration and evaluation expenditures, purchase of property and equipment and general and administrative expenses. The decrease was offset by proceeds from exercises of warrants and stock options and funds of 375,000 received from a government grant.

The Company has planned for financing before the end of 2023, which includes the exercise of Special Warrants from existing shareholders and issuing common shares from private placement. The Company has received the refunds of claimed harmonized sale tax (HST) from the Canada Revenue Agency (CRA) in November 2023. The Company will ensure sufficient capital to meet its ongoing operating expenses and continue to meet its obligations on its current projects for the twelve-month period ending September 30, 2024. Management may increase or decrease budgeted expenditures depending on exploration results and ongoing volatility in the economic environment. See "Liquidity and Financial Position" below.

Qualified Person

Trevor Boyd, Ph.D., P.Geol., a geologist in good standing with the Professional Geoscientists Ontario (PGO) and Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists (NAPEG) is the Qualified Person for the Exploration section within the meaning of National Instrument 43-101 ("NI 43-101") Standards of Disclosure for Mineral Projects and has reviewed and approved its scientific and technical content.

Mineral Properties

The Ferguson Lake Property

On June 7, 2013, the Company completed the acquisition of the Ferguson Lake Property. The property is in the Kivalliq region of southern Nunavut Territory some 250 kilometres west of Rankin Inlet and 170 kilometres south - southwest of Baker Lake.

The Ferguson Lake Property consists of 10 contiguous mining leases comprising an area of 9.686 hectares (96.9 km²), and all the mining leases remain active until 2028. Surrounding these mining leases, the Company has staked 11 exploration claims over an area of 15,694.63 hectares (156.9 km²).

The ongoing management of the Ferguson Lake Property and Project holdings requires the maintenance of careful attention to the care of the environment, historical artifacts, and local community and socio-economic relationships. A series of permits and licenses need to be kept in good standing to operate successfully and retain free ownership of the holdings. Canadian North Resources Inc. is a registered incorporated extra-territorial corporation with the Nunavut government and holds a prospecting license in good standing with Department of Aboriginal Affairs and Northern Development Canada.

The property includes a 15-kilometer-long sulphide mineralization belt encompassing a total of 10 zones, i.e. the South Discovery Zone, 119 Zone, West Zone, West Extension, West Zone South, Central Zone, East Zone I and II, M-Zone, and Anomaly 51. A total of 191,000 metres were drilled in 623 holes mostly on the West Zone and West Extension Zone historically.

The Ferguson Lake project had historically undergone a series of resource estimations which cumulated in 2011 with the completion of a Preliminary Economic Assessment ("PEA") of the Ferguson Lake Property resulting in the filing of a National Instrument 43-101 ("NI43-101") Independent Technical Report by Roscoe Postle Associates Inc. ("RPA") for Starfield Resources Inc.

Since the Company acquired the Ferguson Lake project in June 2013, exploration programs and metallurgical tests have been carried out. During the summers of 2013, 2015 and 2018, work programs were conducted on the Ferguson Lake Property by the Company with the main purpose of completing surface explorations and technical evaluations. This work included prospecting, litho-geochemical sampling

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of outcrop and historic drill core plus ground magnetic and VLF surveys. In 2021, the Company filed a NI 43-101 Independent Technical Report by Trevor Boyd that provided a thorough review of the historic reports and a summary of the technical work conducted by the Company since 2013. It was concluded that the resource estimate and the PEA filed by RPA in 2011 were outdated, no longer valid and not to be relied upon as being 43-101 compliant. A significant re-evaluation of today's gold prices and economic conditions would have to be completed to upgrade this historic estimate as current mineral resources. In particular, the historic resources were economically assessed at only Cu + Ni + Co NSR cutoffs of C\$75 (open pit); and C\$110 (underground) at 2011 metal prices. Potential to add significant tonnage and value with the addition of PGM (palladium, platinum, and rhodium) grades. The mineral deposit was modeled for massive sulfides (>50%); but significant disseminated sulphide PGM rich mineralization is hosted in the thick gabbro units. There is significant potential for the addition of significant PGM rich tonnage by including these lower sulfide zones. Moreover, the rhodium content of the mineralization zones has never been systematically evaluated. Drill intersections up to 1.25 m of 0.46 g/t Rh and 1.6 g/t Pd in hole FL04-195 and 1.6m of 0.32 g/t Rh and 1.2 g/t Pd in hole FL05-230 hosted in Cu-Ni-Co sulphides are reported.

In June 2022, the Company announced an updated Mineral Resource estimate (Table 1) for its Ferguson Lake Property. In July 2022, the Company filed the NI43-101 Independent Technical Report on the updated resource estimate for the Ferguson Lake Property.

Table 1, NI-43-101 Mineral Resources of the Ferguson Lake mining property

Indicated Resources							
Method	Tonnes	Co	Cu	Ni	Pd	Pt	NSR
	(Mt)	(%)	(%)	(%)	(gpt)	(gpt)	(\$US)
Open Pit	22.4	0.07	0.84	0.60	1.37	0.23	255
Underground	1.9	0.07	1.03	0.60	1.49	0.32	275
Total	24.3	0.07	0.85	0.60	1.38	0.23	257

Inferred Resources							
Method	Tonnes	Co	Cu	Ni	Pd	Pt	NSR
	(Mt)	(%)	(%)	(%)	(gpt)	(gpt)	(\$US)
Open Pit	12.1	0.04	0.59	0.40	0.99	0.22	170
Underground	35.1	0.07	1.02	0.57	1.54	0.26	269
Total	47.2	0.06	0.91	0.53	1.40	0.25	244

1. CIM definitions (2014) and CIM Estimation of Mineral Resources & Mineral Reserves Best Practice Guidelines (2019) were followed for Mineral Resources.
2. Mineral Resources were estimated at NSR cutoff values of US\$49.70 for open pit and US\$94.50 for underground.
3. NSR values were calculated using long-term metal prices of US\$8.00/lb for Nickel, US\$3.30/lb for Copper, US\$20.60/lb of Cobalt, US\$900/oz Platinum, and US\$1,910/oz Palladium.
4. Metallurgical recoveries used in the NSR calculation were 91% for Nickel, 96% for copper, 90% for Cobalt, 50% for Platinum and 81% for Palladium.
5. Open pit Mineral Resources are reported at a base case NSR value of US\$49.70 within a conceptual pit.
6. Underground Mineral Resources were estimated using a minimum true width of 2.5 metres and US\$94.50 NSR value.
7. The independent Qualified Person for the current Mineral Resource estimate is Mr. Jamie Lavigne, P. Geo.
8. The Mineral Resource block model was peer-reviewed by Allan Armitage, PhD, P. Geo of SGS Geological Services. Dr. Armitage is an Independent Qualified Person as defined in NI-43-101.
9. Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability.
10. All figures are rounded to reflect the relative accuracy of the estimate. Numbers may not add due to rounding.

Mac Island and Quartzite Lake Prospects:

The Company staked the exploration claims at Kaminak and Quartzite Lake area. The Mac Island prospect is part of the 29.2 km² Kaminak exploration claims, with gold showings identified on outcrops. The Quartzite Lake prospect is found with multiple occurrences of gold-copper on outcrops over an area of the 50.3 km² exploration claims. Quartzite Lake is adjacent to the Kaminak area, located about 80km southwest of Rankin Inlet. The mineralization is associated with shears and quartz veining hosted in mafic volcanics within the 400 km long greenstone belt that hosts several gold and copper deposits such as the Meliadine gold mine (operated by Agnico Eagles).

Corporate Highlights

- On January 7, 2023, the Company reported 5 new mineralized areas identified from the surface sampling programs over the 156.9 km² prospecting area surrounding the 96.9 km² mining leases of the Ferguson Lake Project. High-grade nickel-copper-PGM (up to 5.0% Cu, 0.99% Ni, 2.70g/t Pd, 0.62g/t Pt, 1.14g/t Au) was found in the gossan samples from the outcrops. The Company also reported high-grade gold assays of up to 52.3g/t found over the area of 600m by 600m at the Mac Island and South Mac Island prospects in the Kaminak Lake area, and multiple anomalous copper and gold values from samples obtained from outcrops over an area of 8,500m by 4,000m area at the Quartzite Lake Project.
- On February 21, 2023, the Company reported the geochemical assay results for the remaining 40 holes (of total 68 holes drilled) totaling 10,550 meters (of the 18,144 metres) for the diamond drilling program completed by the Company at its 100% owned Ferguson Lake property. The results potentially extended the mineralized zones along strike for 1,500 meters outside the block model for the updated mineral resources estimates filed on June 13, 2022.
- On March 6, 2023, the Company reported the identification of extensive granitic pegmatites potentially hosting lithium-bearing minerals over the 253.8 km² area of the 100% owned Ni-Cu-Co-Pd-Pt Ferguson Lake property. The potential for lithium minerals has never been explored at the Ferguson Lake area. The Company will undertake its first lithium-specific exploration mapping, prospecting, and core re-sampling programs during 2023.
- The Company signed the agreement with the Government of Nunavut on March 22, 2023. The government approved to provide \$250,000 to the company to support the exploration expenditures, On March 31, 2023, \$125,000 of the total amount has been received by the company.
- In mid-March, the Company opened the field camp at Ferguson Lake, shipped in fuel and drill materials and prepared for the winter/spring drilling program at Ferguson Lake.
- On April 3, 2023, the Company announced a 20,000-meter drilling program in 2023 and commenced diamond drilling at its Ferguson Lake Project. This drilling program was based on the results of the 18,144 meters drilling completed in 2022, to further expand the nickel, copper, cobalt, palladium, and platinum mineral resources along the 15-km long main mineralized horizon and to test the new identified base metal and PGM targets and the prospects for lithium mineralization within the 256.8 km² area of mining leases and exploration claims.
- On May 5, 2023, the Company granted its directors, officers and consultants, options to purchase a total of 650,000 Common Shares of the Company, at an exercise price of \$2.45 per share. The options will expire on May 4, 2028. These options vested immediately.

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- On May 5, 2023, the Company granted to consultants' options to purchase a total of 500,000 Common Shares of the Company, at an exercise price of \$2.45 per share. The options will expire on May 4, 2024, In the number of options to consultants, 100,000 options will be vested 6 months after granted, 400,000 options will be vested equally every 3 months after granted.
- On May 8, 2023, the Company engaged an investor relations firm, Paradox Public Relations Inc., to enhance our investor relations efforts and increase our visibility in the investment community. It was anticipated that their expertise and connections would help the Company to improve its market performance and achieve a fair market value for our shareholders.
- On May 9, 2023, the Company granted to consultants who signed consulting service agreements with the Company, options to purchase a total of 1,600,000 Common Shares of the Company, at an exercise price of \$2.45 per share. The options will be vested after December 31, 2023, and will be expired on December 31, 2024.
- On May 10, 2023, the Company began to trade at OCTQX Market, which provides us with a platform to enhance its our visibility and liquidity among U.S. investors. This marks an important step forward for the Company as it continues to expand our reach and engage with investors in North America.
- On May 11, 2023, 30,000 share options were exercised at a price of \$1.00. The Company received the proceeds of \$30,000 and issued 30,000 Common Shares.
- On May 16, 2023, the Company was awarded a \$250,000 grant from the Government of Nunavut's Discover, Invest, Grow ("DIG") program.
- On May 29, 2023, the Company announced it completed its spring diamond drilling program on ice consisting of 6,151 meters in 21 holes for its 100% owned Ferguson Lake base metal (nickel, copper, cobalt) and platinum group metal ("PGM", mainly palladium and platinum, project in Nunavut, Canada.
- On June 15, 2023, the Company announced that the Company re-started diamond drilling at its 100% owned Ferguson Lake Project ("Ferguson Lake Project") in Nunavut, Canada after a three week pause for regional caribou migration and after completing the first 6,151 metres of drilling on Ferguson Lake during the spring.
- On June 26, 2023, the Company announced that the Company was granted Depository Trust Company (DTC) eligibility, a significant milestone that will enhance the accessibility and efficiency of the Company's shares for investors in the United States.
- On July 5, 2023, the Company announced that KRE Development Co. Ltd ("KRE"), the biggest shareholder of the Company has elected to exercise their warrants ahead of the scheduled expiration of December 31, 2023. KRE exercised 1,437,198 share purchase warrants (each a "Warrant" to purchase one share at \$1.50) for aggregate proceeds of \$2,155,797 on June 30, 2023. Warrants were issued in connection with the Company's offering of units completed prior to listing.
- On July 18, 2023, the Company reported the assay results for the 6,151 metres in 21 holes of diamond drilling completed during the spring at its 100% owned Ferguson Lake Project ("Ferguson Lake Project") in Nunavut, Canada. The Ferguson Lake project contains base metals (nickel, copper, cobalt) and platinum-group metals ("PGM", mainly palladium and platinum), as well as potentially lithium minerals, along a 15-km-long main mineralized horizon and numerous additional prospective areas.

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- On July 26, 2023, the Company announced the closing of non-brokered private placement of common shares ("Flow-Through Shares") on a flow-through basis pursuant to the Income Tax Act (Canada), of which 1,031,425 Flow-Through Shares were issued at a price of \$2.70 per share for gross proceeds of \$2,784,847.50 (the "Flow-Through Offering").
- On July 31, 2023, the Company further to its news release issued July 27, 2023, the closing of the first tranche of its non-brokered private placement of 1,082,621 common shares ("Charity Flow-Through Shares") on a flow-through basis pursuant to the Income Tax Act (Canada) at a price of \$2.877 per share for gross proceeds of \$3,114,700.62 (the "Charity Flow-Through Offering").
- On Aug 9, 2023, 30,000 share options were exercised at a price of \$1.00. The Company received the proceeds of \$30,000 and issued 30,000 Common Shares.
- On August 14, 2023, the Company granted to employees and consultants' options to purchase a total of 350,000 Common Shares of the Company, at an exercise price of \$2.35 per share. Of these 150,000 options will expire on August 14, 2024, and 200,000 options will expire on August 13, 2028. Options to consultants vest immediately. Options to employees vest as to 25% thereof on each of December 31, 2023, December 31, 2024, December 31, 2025, and December 31, 2026.
- On August 17, 2023, the Company granted options to officers to purchase a total of 110,000 Common Shares of the Company, at an exercise price of \$2.35 per share. The options will expire on August 16, 2028. Options shall vest as to 50% thereof on each of December 31, 2023, and December 31, 2024.
- On August 17, 2023, the Company announced that it had received an additional grant of \$125,000 from the Government of Nunavut's Discover, Invest, Grow ("DIG") program. This grant comes on the heels of the \$250,000 received in May and June 2023, reaffirming the Company's commitment to advancing mineral exploration in the emerging mining region of Nunavut.
- On August 24, 2023, 50,000 Series 1 Warrants were exercised at a price of \$1.50. The Company received the proceeds of \$75,000 and issued 50,000 Common Shares.
- On September 13, 2023, the Company completed the issuance of Flow-Through Shares of 2,864,046 shares for proceeds of \$8,057,298 at the weighted average price of \$2.81 per share. The cost of the issuance of \$483,438 was offset by the proceeds of Flow-through Shares. A Flow-Through Share premium was recognized as a liability on the statement of financial position for \$624,747.
- On September 15, 2023, the Company announced that it has commenced a market awareness program, aimed at enhancing its market visibility and engagement.
- On September 18, 2023, the Company announced it has completed 21,126.50-meter drilling at its 100% owned Ferguson Lake base metal (nickel, copper, cobalt) and platinum group metal ("PGM", mainly palladium and platinum) project in Nunavut, Canada
- On September 26, 2023, the Company reported the return of initial partial assay results from 21 holes drilled during the summer, which is a portion of the 21,126 metre 2023 diamond drilling program completed at its 100% owned Ferguson Lake Project ("Ferguson Lake Project") in Nunavut, Canada.
- On September 26, 2023, 1,000 share options were exercised at a price of \$1.92. The Company received the proceeds of \$1,920 and issued 1,000 Common Shares.

After Q3 2023:

- On October 3, 2023, the Company announced its participation in the prestigious Mines and Money event, held in conjunction with the International Mining and Resources Conference (IMARC) in Sydney, Australia, October 31 to November 2, 2023.
- On October 11, 2023, the Company announced the launch of its newly redesigned website aimed at providing an enhanced online experience for its stakeholders, investors and broader public.
- On October 11, 2023, 333,334 Series 1 Warrants were exercised at a price of \$1.50. The Company received the proceeds of \$500,001 and issued 333,334 Common Shares.
- On October 23, 2023, 400,000 Series 1 Warrants were exercised at a price of \$1.50. The Company received the proceeds of \$600,000 and issued 400,000 Common Shares.
- On November 2, 2023, 400,000 Series 1 Warrants were exercised at a price of \$1.50. The Company received the proceeds of \$600,000 and issued 400,000 Common Shares.
- On November 2, 2023, 3,000 share options were exercised at a price of \$1.92. The Company received the proceeds of \$5,760 and issued 3,000 Common Shares.
- On November 7, 2023, the Company received the refund of HST from CRA in full amount plus interest, which amounts to \$2,736,046.

Results of Exploration Programs

Ferguson Lake Project

Mineral Resources Update:

The “Independent Technical Report, Updated Mineral Resource Estimate, Ferguson Lake Project, Nunavut, Canada, June 13, 2022, prepared by Elisabeth Ronacher and Jamie Lavigne” was filed by the Company to Sedar.com in July 2022.

This Mineral Resource estimation represents approximately 6km of the presently known 15-kilometer-long mineralized belt. The mineral resource model was based on a database that contains 611 historic diamond drill holes and a total of 186,416 metres of drilling and 36,740 assay samples. The resource model does not include the 18,144 meters in 68 holes that were drilled by the Company in 2022 (see below).

Mineral Resources were estimated using net smelter return (“NSR”) cutoff values of US\$49.70 for Open Pit Mining and US\$94.50 for Underground mining. The NSR is calculated using nickel, copper, cobalt, palladium and platinum grades, prices, and assumed metallurgical recoveries. Rhodium and gold are not included in the resource modeling due to no systematic assaying results, although there are significant values in multiple mineralized intersections.

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Mineral Resources modelled primarily on the occurrence of massive or semi-massive sulphide as a lithological type. The metal content of intercepts comprising this unit typically results in an NSR value greater than US\$180. Mineral resources also include a newly interpreted zone of low sulphide PGM (palladium and platinum) style of mineralization characterized by weakly disseminated sulphide, low to very low base metal values and anomalous to high-grade palladium and platinum values.

The Mineral Resources include a total Indicated Mineral Resources of 24.3 million tonnes with the NSR value of US\$257 per tonne, containing 455 million pounds (Mlb) copper at 0.85%, 321Mlb nickel at 0.60%, 37.5Mlb cobalt at 0.07%, 1.08 million ounces (Moz) palladium at 1.38gpt and 0.18Moz platinum at 0.23gpt; and a total Inferred Mineral Resources of 47.2 million tonnes with the NSR value of US\$244 per tonne, containing 947Mlb copper at 0.91%, 551.5Mlb nickel at 0.53%, 62.4Mlb cobalt at 0.06%, 2.12Moz palladium at 1.4gpt and 0.38Moz platinum at 0.25gpt;

The Mineral Resources include both open pit and underground resources. High-grade open pit Indicated Mineral Resources were outlined of 22.4 million tonnes with the NSR value of US\$255 per tonne, at the grades of 0.84% copper, 0.60% nickel, 0.07% cobalt, 1.37gpt palladium and 0.23gpt platinum.

Based upon the exploration work completed to-date on the Property, including close examination of the deposit model of the Ferguson Lake mineralized zones, and the current resource estimate, it is concluded that the West and East mineralized zones remain open for extension down-plunge to the west, along strike to the east and west and down dip at multiple locations along its mineralized horizon. There is significant potential for resource expansion along strike and at depth over the 15 km long mineralized belt.

Drilling Results:

In 2022, a total of 18,144 meters have been drilled in 68 holes to infill or step out from the historic holes that were previously drilled in the West Zone and the East Zone. The mineralized horizon hosting significant metal grades and widths (>2.5 meters) has been intersected in 62 out of the 68 holes. All the holes hit the mineralized zones as expected, confirming that the mineralized zones extend along strike and at depth beyond the presently defined resource boundaries for a total potential extension of the zones of approximately 1,500 metres. The assay results (refer to the news releases on September 12, 2022 and February 21, 2023) will be added to the dataset to expand the block model and to update the Mineral Resource estimate that was announced on June 13, 2022 (Refer to "Independent Technical Report, Updated Mineral Resource Estimate, Ferguson Lake Project, Nunavut, Canada, June 13, 2022, Prepared by Elisabeth Ronacher and Jamie Lavigne." filed by the Company to Sedar.com).

In 2023, the Company completed 21,126 metres of diamond drilling in 78 holes defining and/or upgrading potential volumes of mineral resources along strike to the west extension from the West Zone, the east extension from the East Zone and the extensions of both East and West Zones into Ferguson Lake, and testing satellite mineralized horizons named the M-Zone, Anomaly-51 Zone and its east extension. The drillhole locations to end of the 2023 field program are shown in Figure 1. Assay results for submitted samples from 25 drill holes for the 2023 program remain pending.

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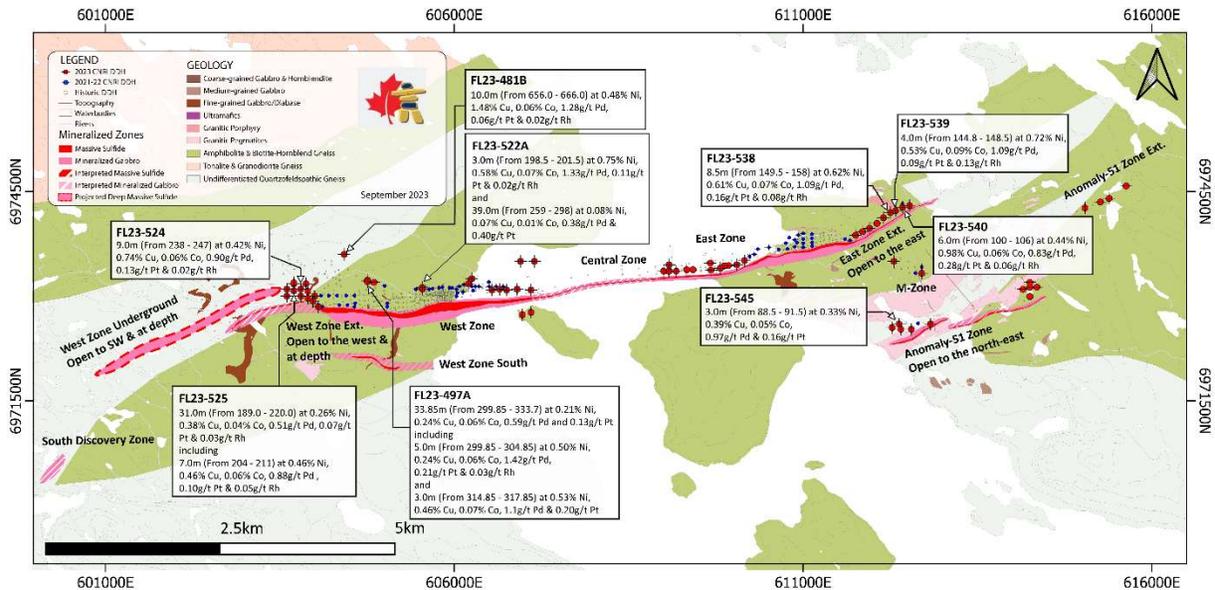


Figure 1: Ferguson Lake Project – diamond drill holes completed by the Company to 2023.

The Company as well conducted the reprocessing and modelling of historic geophysical electromagnetic UTEM, VTEM, borehole TDEM survey data which aided in the drill targeting during the summer program, as well as successfully completing new borehole TDEM surveys on selected deep drillholes. In addition, surface sampling was completed on selected outcrop on the project site.

The assay results from drill programs to-date confirm the near-surface base metal and PGM massive sulfide zones and the underlying PGM-enriched low sulfide zones. The near-surface sulfide zones are massive sulfide, semi-massive sulfide and disseminated sulfide intervals, with variable intersections of up to 42 metres downhole and individual sample grades of up to 10.0% copper, 1.81% nickel, 0.40% cobalt, 2.45g/t palladium, 0.50g/t platinum, 0.19g/t rhodium, and 2.1g/t gold, and 49 g/t silver. Gold, silver and rhodium are intermittently enriched along the mineralization zones in the vicinity of ultramafic rocks.

The underlying PGM-enriched low-sulfide mineralization contains variable intersections of up to 36 metres downhole and individual sample grades of PGM of up to 8.65g/t palladium and 4.43g/t platinum. Copper and nickel are low in general for this type of mineralization but enriched in multiple thin layers usually <2.5 meters, of massive or semi-massive sulfide within the thick PGM-mineralized intersections.

Newly identified Mineralized Areas (Figure 2)

Within the Ferguson Lake Project, surface sampling has focused on the gossan outcrops over a large area (156.9 km² exploration claims) surrounding the 96.9 km² mining leases. Since 2013, a total of 353 samples have been collected from the mineralized outcrops over the area. The assay results of the surface rock samples indicate at least five new nickel-copper-PGM mineralized areas outside the known 15-km long mineralized horizon as illustrated in Figure 3 (refer to the Company's website www.cnresources.com for more details). All the newly found mineralized zones report anomalous individual sample values of nickel (up to 0.99%), copper (up to 5.0%), cobalt (up to 0.15%), palladium (up to 2.70g/t), platinum (up to 0.62g/t) and gold (up to 1.14g/t). Geologically, the mineralized outcrops are the metamorphosed mafic and

ultramafic rocks like the host rocks of the mineral resources established for the known 15km-long mineralized horizon (Refer to “Independent Technical Report, Updated Mineral Resource Estimate, Ferguson Lake Project, Nunavut, Canada, June 13, 2022, prepared by Elisabeth Ronacher and Jamie Lavigne.” filed by the Company to Sedar.com). These encouraging results were followed up with additional sampling and drill tests in 2023 with the results pending.

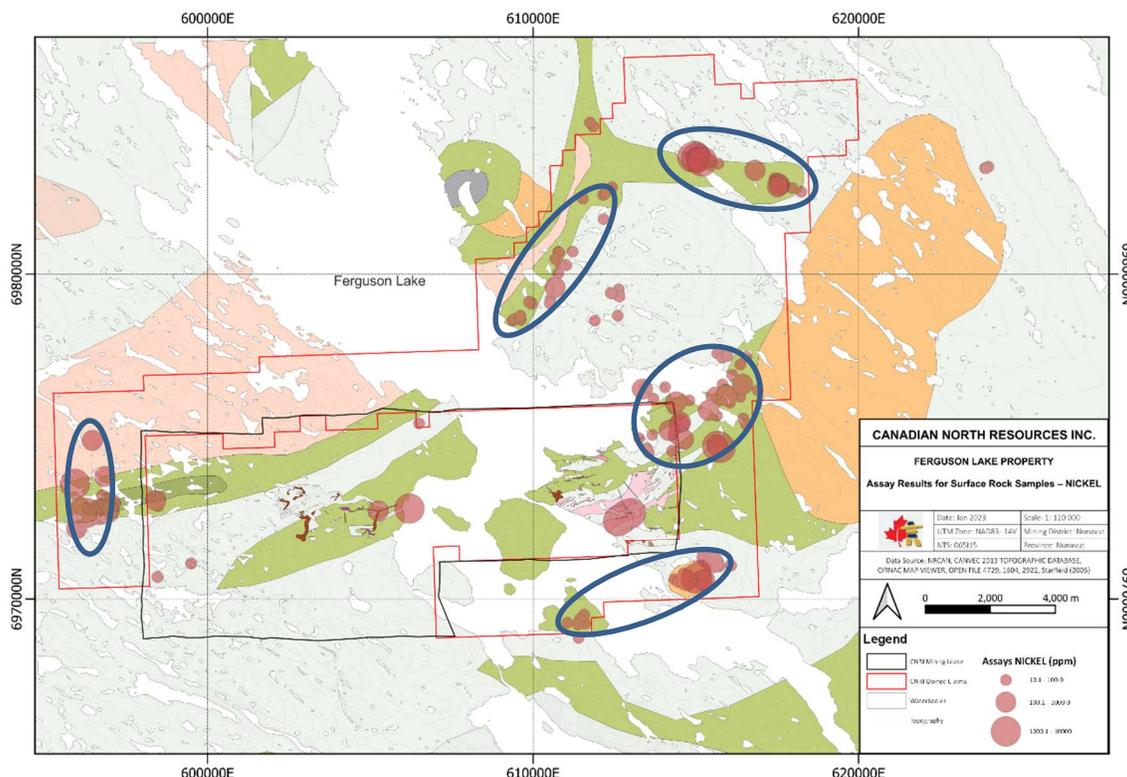


Figure 2 New Nickel-copper-PGM areas identified from the outcrop samples at Ferguson Lake Project

Mac Island and Quartzite Lake Prospects:

The 2022 surface sampling programs were completed with a total of 194 samples collected from the outcrops at the Mac Island prospect and Quartzite Lake Project. The assay results of the outcrop samples indicate gold mineralization at the Mac Island prospect in the 29.2 km² Kaminak claims area. Gold mineralization occurs as quartz-carbonate-sulfide veins associated with sericitized and sheared mafic volcanics and can be traced over an area of 600 meters by 600 meters, with values of up to 52.5g/t gold from grab samples. Within the 50.3 km² Quartzite Lake claims, multiple copper and gold mineralized outcrops are found over the property, with up to 0.62% copper and 0.74g/t gold as well as anomalous silver (up to 81.3g/t) lead and zinc values. The mineralization is associated with quartz veining and shears hosted by Archean mafic volcanics within the 400 km long Ennadai-Rankin greenstone belt that contain several historic gold and copper deposits and showings including the Meliadine gold mine (operated by Agnico Eagles).

Working Programs Planned

The Company plans in future exploration seasons to expand the resource by diamond-drilling exploration for high-grade PGM and base metal zones testing open zones along strike and down-dip within the West and East zones along the main mineralized horizon and testing newly defined mineralized satellite horizons to the south. The Company also plans to remodel and update its resource estimates and 43-101 Technical Report with the new additional 39,270 metres of drilling completed to-date. The Company will as well expand metallurgical testing, complete community consultations, environmental monitoring and permit applications, as it advances the project towards pre-feasibility studies.

These work plans have been scheduled from 2021 with expectations for exploration and definition drilling, environmental field studies, metallurgical testing, and development activities into 2024 and beyond.

Metallurgical Testing:

Historic metallurgical tests were conducted on massive sulfide samples and only recovered copper, nickel and cobalt, not palladium or platinum. During 2013 - 2014, the Company implemented a metallurgical testing program consistent with its change of focus to develop the platinum group metal potential of the deposit. Approximately 250 kilograms of the massive sulphide bulk sample mineralization stored on-site in a dry enclosed building was picked and packed into buckets to be shipped to Toronto for metallurgical testing. The goal of the testing program was to produce at a bench level concentrate from the secondary residue material that had been created from the development of downstream unit processes (Ni, Cu, and Co) from the hydrometallurgical testing program previously completed for Starfield Resources Inc. Analyses of the materials and liquors created from Starfield Resources' previous program suggested most of the Pd and Pt and to a lesser extent Au, Ag and Rh remained in the final residue material for which metallurgical test results indicated overall recoveries of 99% for Cu, 91% for Co, 50% for Pt, 77% for Pd and 94% for Ni.

During 2015 - 2016, a new series of flotation tests were completed on two massive sulphide composites obtained from the bulk sample material which was stored at the Ferguson Lake camp. The primary objective of the program was to establish flotation conditions suitable to recover most of the copper value into a copper concentrate and the balance of the pay-metals into a bulk Cu / Ni concentrate. The metallurgical testing program identified two possible flowsheet alternatives for the mineralized material which are outlined as follows:

- The generation of a high-grade saleable copper concentrate plus a low-grade bulk concentrate with high overall recoveries of 99% copper, 87% nickel, 90% cobalt, and 90-95% Pd+Pt. The low-grade bulk concentrate would require further upgrading in a hydrometallurgical circuit.
- The second updated flowsheet produces a high-grade copper concentrate and an improved bulk Cu/Ni concentrate (10.1% copper + nickel) with much lower overall recoveries of up to 98% copper, up to 61% nickel, up to 55% cobalt, and 35-75% Pd+Pt.

In 2020 winter, the Company moved a pilot plant ore crusher by the snow train to the field camp at Ferguson Lake and took out about 200 kilograms bulk sulfide samples to Toronto for further metallurgical tests. In summary, the Company has conducted initial metallurgical tests for the recoveries of base metals and PGM from massive sulfides, which has indicated high recoveries of base metals (87-99%) and PGM (90-95%) using combined flotation and hydrometallurgical methods (ref. NI43-101 Technical Report dated July 18, 2021, filed on Sedar.com or www.cnresources.com).

More metallurgical tests are presently being carried out by the Company for a variety of lower sulphide mineralized domains on the property including high-grade PGM disseminated low-sulfide material at Ferguson Lake.

Trends

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the prices of nickel, copper, cobalt, palladium, platinum and rhodium will be favorable and hence, it may be possible to obtain additional funding for its projects. However, the Company remains cautious in case the economic factors that impact the mining industry deteriorate.

Apart from the risk factors noted under the heading "Risks and Uncertainties", the Company is not aware of any other trends, commitments, events, or uncertainties that would have a material effect on the Company's business, financial condition, or results of operations.

Proposed Transactions

The Company routinely evaluates various business development opportunities which could entail optioning properties, direct acquisitions, trades and/or divestitures. In this regard, the Company is currently in discussions with various parties, other than the transactions discussed in the "Corporate Highlights" section above, no definitive agreements with respect to any proposed transactions have been entered into as of the date of this Interim MD&A. There can be no assurances that any such transactions will be concluded in the future.

Environmental Contingency

The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of September 30, 2023, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

Discussion of Operations

Nine months ended September 30, 2023, compared with nine months ended September 30, 2022

Canadian North's net loss totaled \$1,817,801 for the nine months ended September 30, 2023, with basic and diluted loss per share of \$0.02. This compares with a net loss of \$4,017,213 with basic and diluted loss per share of \$0.04 for the nine months ended September 30, 2022. The decrease of net loss was principally because of:

- Flow-through share premium of \$3,701,904 during the nine months ended September 30, 2023, compared to \$nil during the nine months ended September 30, 2022.
- Increase of interest income to \$145,708 during the nine months ended September 30, 2023, from \$72,269 during the nine months ended September 30, 2022.
- Decrease of professional fees to \$375,470 during the nine months ended September 30, 2023, from \$401,072 during the nine months ended September 30, 2022.

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The above increases of income and decreases of expenses were offset by below increases of expenses:

- Increase of office and general to \$2,076,604 during the nine months ended September 30, 2023, from \$1,150,379 during the nine months ended September 30, 2022.
- Increase of accretion of lease liabilities to \$142,622 during the nine months ended September 30, 2023, from \$nil during the nine months ended September 30, 2022.
- Increase of rent to \$49,500 during the nine months ended September 30, 2023, from \$32,000 during the nine months ended September 30, 2022.
- Increase of share-based compensation to \$2,898,092 during the nine months ended September 30, 2023, from \$2,408,129 during the nine months ended September 30, 2022.
- Increase of depreciation to \$69,125 during the nine months ended September 30, 2023, from \$43,902 during the nine months ended September 30, 2022.

Three months ended September 30, 2023, compared with three months ended September 30, 2022

Canadian North's net loss totaled \$1,725,246 for the three months ended September 30, 2023, with basic and diluted loss per share of \$0.02. This compares with a net loss of \$1,264,080 with basic and diluted loss per share of \$0.01 for the three months ended September 30, 2022. The increase of net loss was principally because of:

- Interest income of \$17,542 during the three months ended September 30, 2023, compared to \$58,712 during the three months ended September 30, 2022.
- Increase of office and general to \$1,450,276 during the three months ended September 30, 2023, from \$451,707 during the three months ended September 30, 2022.
- Increase of share-based compensation to \$1,134,348 for the stock options granted during the three months ended September 30, 2023, from \$671,379 for the three months ended September 30, 2022.
- Increase of accretion of lease liabilities to \$59,971 during the three months ended September 30, 2023, from \$nil during the three months ended June 30, 2022.
- Increase of depreciation to \$22,785 during the three months ended September 30, 2023, from \$20,966 during the three months ended September 30, 2022.

The above increases of loss and decreases of income were offset by below increases of expenses:

- Flow-through share premium of \$1,073,027 during the three months ended September 30, 2023, compared to \$nil during the three months ended September 30, 2022.
- Decrease of professional fees to \$113,935 during the three months ended September 30, 2023, from \$144,240 during the three months ended September 30, 2022.

Liquidity and Financial Position

The activities of the Company, principally the acquisition and exploration of mineral properties, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. There is no assurance that equity capital will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all.

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Cash used in operating activities was \$678,248 for the nine months ended September 30, 2023. Operating activities were affected by net loss of \$1,817,801 plus non-cash items of \$69,125 of depreciation, \$2,898,092 share-based compensation, flow-through premium of \$3,701,904, and accretion of lease liabilities of \$142,622 and the positive change in non-cash working capital balances of \$1,731,618.

Cash used in investing activities was \$17,265,372 for the nine months ended September 30, 2023, for purchase of property and equipment of \$61,579, expenditures on exploration and evaluation assets of \$17,578,793 and funds received from government grant of \$375,000. During the nine months ended September 30, 2022, the net cash used in investing activities was \$10,739,834 representing expenditures on exploration and evaluation assets of \$10,282,695 and purchase of property, plant and equipment of \$457,139.

Cash provided by financing activities was \$8,767,777 for the nine months ended September 30, 2023, which includes proceeds from share issuances of \$9,866,577, prepayment of lease obligation of \$500,000 and repayment of lease obligation of \$598,800.

On September 30, 2023, the Company had \$1,891,327 in cash (December 31, 2022 - \$11,067,170).

The Company has no operating revenues and therefore must utilize its funds obtained from equity financing and other financing transactions to maintain its capacity to meet ongoing exploration and operating activities.

Below table represents the comparison of budget and actual spending during the nine months ended September 30, 2023:

Principal purposes:	Budget	Actual	Remaining to be spent (over-budget)
To pay the estimated cost of the recommended exploration program, net of government grants	\$21,624,000	\$17,818,662	\$3,805,338 ⁽¹⁾
Legal and listing cost	\$421,500	\$303,344	\$118,156 ⁽²⁾
Operating expenses	\$3,920,000	\$2,463,662	\$1,456,338 ⁽³⁾
Estimated total funds used:	\$25,965,500	\$20,585,668	\$5,379,832

Notes:

- (1) On September 18, 2023, the Company has completed 21,126.50-meter drilling at its 100% owned Ferguson Lake base metal and platinum group metal project in Nunavut, Canada.
- (2) The detailed items of the legal and listing cost in the budget over 12 months are comprised of (a) Lawyer services cost of \$150,000; (b) TSXV-listing related charge of \$80,000; (c) oversea listing cost of \$121,500; (d) filing cost of \$20,000; (e) financing cost of \$30,000 and (f) other services cost of \$20,000.
- (3) The detailed items of the operating activities in the budget over 12 months are comprised of (a) investor relationship \$250,000; (b) public relation 500,000; (c) conference and tradeshow \$135,000; (d) strategic management services \$1,000,000; (e) brand awareness expense \$180,000; (f) corporate advisory services \$1,104,000; (g) management fees of \$72,000; (h) professional fees of \$70,000; (i) office rent of \$66,000; (j) compensation for management and consultants of \$90,000; (k) insurance policy premium of \$33,000; (l) payroll cost of \$160,000; (m) travelling cost of \$170,000 and (n) office and general of \$90,000. These discretionary activities do have considerable scope for flexibility in terms of the amount and timing of expenditure, and expenditures may be adjusted accordingly.

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The Company's working capital of \$57,869 on September 30, 2023, is comprised of current assets less accounts payable and accrued liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether because of a downturn in stock market conditions generally or because of conditions specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the Company does not presently generate revenue to cover its costs, managing liquidity risk is dependent upon the ability to secure additional financing. The recoverability of the carrying value of the assets and the Company's continued existence is dependent upon the achievement of profitable operations, or the ability of the Company to raise alternative financing, as necessary. While management and the Board have been successful in raising the necessary capital, it cannot provide assurance that it will be able to execute its business strategy or be successful in future financing activities.

Related Party Transactions

The Company has identified directors and senior officers as key management personnel. During the nine months ended September 30, 2023, the Company recognized the following transactions with related parties:

- \$49,500 (the nine months ended September 30, 2022 - \$32,000) office rental expenses paid to a company owned by a director of the Company.
- \$54,000 (the nine months ended September 30, 2022 - \$54,000) management fee paid to a company owned by a director of the Company.
- \$137,778 (the nine months ended September 30, 2022 - \$83,333) geological consulting fee paid to a company owned by a director of the Company.
- \$116,645 (the nine months ended September 30, 2022 - \$103,298) professional fees paid to companies owned by officers of the Company.
- \$9,502,159 (the nine months ended September 30, 2022 - \$Nil) logistics costs and equipment rental costs paid to company owned by a shareholder of the Company.

As of September 30, 2023, the amount of deposit paid to a related party for the two rigs was \$500,000 (2022 – \$Nil) and was included in ROU Assets.

As of September 30, 2023, the amount owing to related parties was \$173,251 (2022 – \$Nil) and included in accounts payable and accrued liabilities. The amount owing to related parties are non-interest bearing, unsecured and due on demand.

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's Annual MD&A for the fiscal year ended December 31, 2022.

Additional Disclosure for Venture Issuers Without Significant Revenue

Expenses:

	Three Months Ended September 30, 2023 (\$)	Three Months Ended September 30, 2022 (\$)	Nine Months Ended September 30, 2023 (\$)	Nine Months Ended September 30, 2022 (\$)
Office and general	1,450,276	451,707	2,076,604	1,150,379
Accretion of lease liabilities	59,971	nil	142,622	nil
Share-based compensation	1,134,348	671,379	2,898,092	2,408,129
Rent	16,500	16,500	49,500	32,000
Depreciation	22,785	20,966	69,125	43,902
Management fees	18,000	18,000	54,000	54,000
Professional fees	113,935	144,240	375,470	401,072
Total	2,815,815	1,322,792	5,665,413	4,089,482

Schedule of Exploration and Evaluation Expenditures

The total exploration and evaluation expenditures of the Company for the three and nine months ended September 30, 2023, and 2022 were for the following properties:

	Three Months Ended September 30, 2023 (\$)	Three Months Ended September 30, 2022(\$)	Nine Months Ended September 30, 2023 (\$)	Nine Months Ended September 30, 2022(\$)
Exploration claims	nil	nil	nil	250
Drilling cost and field camp maintenance	5,193,150	3,688,833	10,098,696	6,751,620
Share-based compensation	110,551	204,518	207,838	511,531
Geology and environmental assessments	351,986	243,031	567,322	419,096
Logistics and transportation cost	2,530,818	2,355,583	6,225,918	5,249,289
Mine leases and permits renewal	95,900	nil	95,900	176,886
On-site administration at the field camp	208,458	16,989	830,825	99,339
Total	8,490,863	6,508,954	18,026,499	13,208,011