

CANADIAN NORTH RESOURCES INC.

Condensed Interim Financial Statements

For the three and nine month periods ended September 30, 2025 and 2024
(Unaudited)

Canadian North Resources Inc.

Condensed Interim Statements of Financial Position
(Stated in Canadian Dollars)

As at

Assets	Note	September 30, 2025 (Unaudited)	December 31, 2024 (audited)
Current assets			
Cash and cash equivalents		\$ 27,949	\$ 1,646,226
HST Receivable		66,839	90,900
Prepaid expenses		157,692	148,135
Total current assets		252,480	1,885,261
Non-current assets			
Property and equipment	4	394,701	454,669
Exploration and evaluation assets	5	44,908,550	43,643,698
Right-of-Use Assets		294,641	1,068,414
Total non-current assets		45,597,892	45,166,781
Total assets		\$ 45,850,372	\$ 47,052,042
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 749,003	\$ 117,103
Current portion of lease obligations		-	834,740
Total current liabilities		749,003	951,843
Long-term Liabilities			
Long-term portion of lease obligations		-	129,377
Deferred tax liabilities		2,226,858	2,615,500
Total liabilities		2,975,861	3,696,720
Shareholders' Equity			
Share capital	7(b)	50,264,230	50,342,630
Contributed surplus	7(c)	7,699,684	7,655,459
Deficit		(15,089,403)	(14,642,767)
Total shareholders' equity		42,874,511	43,355,322
Total liabilities and shareholders' equity		\$ 45,850,372	\$ 47,052,042

Nature of Operations and Going Concern 1

Approved on behalf of the Board of Directors:

Signed "Lee Q Shim"

Director

Signed "Kaihui Yang"

Director

The accompanying notes form an integral part of these condensed interim financial statements.

Canadian North Resources Inc.

Condensed Interim Statements of Net Loss and Comprehensive Loss

(Stated in Canadian Dollars)

(Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
Other income	Note				
Interest income		\$ -	\$ 32,283	\$ 8,802	\$ 123,006
Expenses					
Office and general		51,721	150,951	265,711	1,113,275
Accretion of lease liabilities		10,842	36,380	49,325	127,938
Share based compensation	7(c)	11,841	40,679	35,137	314,512
Professional fees	6	74,303	144,683	367,010	456,538
Rent	6	18,840	19,320	56,520	52,320
Depreciation	4	6,053	25,676	18,160	76,773
Management fees	6	18,000	18,000	54,000	54,000
Total expenses		191,600	435,689	845,863	2,195,356
Loss before tax		(191,600)	(403,406)	(837,061)	(2,072,350)
Deferred income tax recovery (expense)		36,072	(9,976)	388,642	430,934
Net loss and comprehensive loss		\$ (155,528)	\$ (413,382)	\$ (448,419)	\$ (1,641,416)
Loss per share					
Basic and diluted		(0.00)	(0.00)	(0.00)	(0.01)
Weighted average shares outstanding					
Basic and diluted	7(e)	114,320,317	114,557,617	114,337,538	114,501,251

The accompanying notes form an integral part of these condensed interim financial statements.

Canadian North Resources Inc.

Condensed Interim Statements of Changes in Shareholders' Equity

(Stated in Canadian Dollars)

(Unaudited)

	Note	Share Capital	Capital Surplus	Deficit	Total
As at December 31, 2023		\$ 50,151,975	\$ 7,605,787	\$ (12,757,311)	\$ 45,000,451
Common share issued by option exercise	7(b,c)	319,555	(137,857)	-	181,698
Share-based compensation	7(c)	-	502,348	-	502,348
Net loss and comprehensive loss		-	-	(1,641,416)	(1,641,416)
As at September 30, 2024		\$ 50,471,530	\$ 7,970,278	\$ (14,398,727)	\$ 44,043,081
As at December 31, 2024		\$ 50,342,630	\$ 7,655,459	\$ (14,642,767)	\$ 43,355,322
Common share buyback under NCIB program	7(b)	(78,400)	-	1,783	(76,617)
Share-based compensation	7(c)	-	44,225	-	44,225
Net loss and comprehensive loss		-	-	(448,419)	(448,419)
As at September 30, 2025		\$ 50,264,230	\$ 7,699,684	\$ (15,089,403)	\$ 42,874,511

The accompanying notes form an integral part of these condensed interim financial statements.

Canadian North Resources Inc.

Condensed Interim Statements of Cash Flows

(Stated in Canadian Dollars)

(Unaudited)

Cash used in:	Note	Nine months ended September 30,	
		2025	2024
Operating activities			
Net loss		\$ (448,419)	\$ (1,641,416)
Deferred tax expense (recovery)		(388,642)	(430,934)
Depreciation	4	18,160	76,773
Share-based compensation	7(c)	35,137	314,512
Accretion of lease liabilities		49,325	127,938
Changes in non-cash working capital:			
Prepaid expenses and HST receivable		14,504	472,314
Accounts payable and accrued liabilities		65,276	134,871
Net cash used in operating activities		(654,659)	(945,942)
Financing Activities			
Common share issued by option exercise	7(b)	-	181,698
Common share buyback under NCIB program	7(b)	(76,617)	-
Repayment of lease obligation		(519,550)	(838,350)
Net cash used in financing activities		(596,167)	(656,652)
Investing Activities			
Purchase of property and equipment	4	(18,000)	(3,815)
Expenditures on exploration and evaluation assets		(349,451)	(1,251,493)
Funds received from government grant		-	174,438
Net cash used in investing activities		(367,451)	(1,080,870)
Decrease in cash		(1,618,277)	(2,683,464)
Cash and cash equivalents, beginning of period		1,646,226	5,540,312
Cash and cash equivalents, end of period		\$ 27,949	\$ 2,856,848

The accompanying notes form an integral part of these condensed interim financial statements.

Canadian North Resources Inc.

Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2025 and 2024
(all amounts are expressed in Canadian dollars)
(Unaudited)

1. Nature of Operations and Going Concern

Canadian North Resources Inc. was incorporated on April 18, 2013 under the laws of Ontario, Canada. The Company's principal business activity is the exploration of mineral properties in the Ferguson Lake Project in the Kivalliq Region of Nunavut, Canada. The registered office of the Company is 3F- 299 Courtneypark Drive East, Mississauga, Ontario.

These financial statements are prepared on the assumption that the Company will continue as a going concern for the next 12 months and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. At September 30, 2025, the Company had negative working capital of \$496,523 including cash and cash equivalents of \$27,949. In addition, the Company had an accumulated deficit of \$15,089,403 and currently does not generate revenue. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern and fund its expenses in an orderly manner will require additional forms of financing.

There is no assurance that the Company will be successful in obtaining the required financing at an acceptable cost as and when needed or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone exploration and/or evaluation plans, forfeit rights in its properties or reduce or terminate its operations.

These financial statements do not include any adjustments to carrying values of assets and liabilities, reported expense and the statement of financial position classifications used, that would be necessary if the going concern assumption were not appropriate.

2. Basis of Presentation

(a) Statement of Compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" under IFRS® Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements do not include all of the information required of a full annual financial statement and it is therefore recommended that these condensed interim financial statements be read in conjunction with the annual financial statements for the year ended December 31, 2024.

These financial statements were approved and authorized for issuance on November 24, 2025 by the Board of Directors.

(b) Basis of Presentation and Measurement

These financial statements have been prepared using the historical cost convention.

(c) Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Canadian North Resources Inc.

Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2025 and 2024
(all amounts are expressed in Canadian dollars)
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2. Basis of Presentation (continued)

(d) Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

3. Material Accounting Policies

These condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as the annual financial statements for the year ended December 31, 2024 and should be read in conjunction with those annual financial statements and the notes thereto.

4. Property and Equipment

	2025	2024
Cost		
Beginning balance January 1	\$ 893,279	\$ 889,464
Addition	18,000	3,815
Closing balance, September 30	\$ 911,279	\$ 893,279
Accumulated Depreciation		
Beginning balance January 1	\$ 438,610	\$ 336,097
Depreciation capitalized to E&E cost	59,808	-
Depreciation for the period	18,160	76,773
Closing balance, September 30	\$ 516,578	\$ 412,870
Net Book Value, January 1	\$ 454,669	\$ 553,367
Net Book Value, September 30	\$ 394,701	\$ 480,409

5. Exploration and Evaluation Assets

	2025	2024
Beginning balance, January 1	\$ 43,643,698	\$ 41,124,576
Exploration costs	1,264,852	2,291,920
Funds received from government grant	-	(174,438)
Closing balance, September 30	\$ 44,908,550	\$ 43,242,058

Canadian North Resources Inc.

Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2025 and 2024
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(Unaudited)

6. Related Party Transactions

The Company has identified directors and senior officers as key management personnel.

During the nine months ended September 30, 2025, the Company recognized the following transactions with related parties:

- \$56,250 (2024 - \$52,320) office rental expenses paid to a company owned by a director of the Company.
- \$54,000 (2024 - \$54,000) management fee paid to a company owned by a director of the Company.
- \$213,333 (2024 - \$240,000) geological consulting fee paid to a company owned by a director of the Company.
- \$33,496 (2024 - \$42,130) professional fees paid to companies owned by an officer of the Company.
- \$696,390 (2024 - \$914,951) logistics costs and equipment rental costs paid to company owned by a shareholder of the Company.

As at September 30, 2025, the amount of deposit paid to a related party for the two rigs was \$325,000 (2024 – \$500,000) and was included in ROU Assets. The amount receivable from a related party was \$nil (2024 - \$nil).

As at September 30, 2025, the amount owing to related party was \$119,979 (2024 – \$5,754) and included in accounts payable. The amount owing to related party is 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.

7. Share Capital

(a) Authorized

Unlimited number of common shares without nominal or par value and an unlimited number of preference shares.

(b) Issued: Common shares

	Number of shares	Value
<i>Common shares:</i>		
December 31, 2023	114,345,919	\$50,151,975
Issuance of Common Shares	181,698	319,555
September 30, 2024	114,527,617	\$50,471,530
December 31, 2024	114,398,717	\$50,342,630
Cancellation of Common share through NCIB program (i)	(78,400)	(78,400)
September 30, 2025	114,320,317	\$50,264,230

- (i) During the period, the Company bought back and cancelled common shares of 78,400 shares under the Normal Course Issuer Bid (the “NCIB”) program, which commenced on April 28, 2025 for 12 months period.

Canadian North Resources Inc.

Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2025 and 2024
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7. Share Capital (continued)

(c) Contributed surplus

	2025	2024
Beginning balance January 1	7,655,459	7,605,787
Share-based compensation	44,225	502,348
Exercise of stock option	-	(137,857)
Closing balance, September 30	7,699,684	7,970,278

(d) Share options

	2025	2024
Beginning balance January 1	3,514,000	6,456,523
Expiry of stock option	-	(628,000)
Exercise of stock option	-	(181,698)
Closing balance, September 30	3,514,000	5,646,825

The continuity of share purchase options for the period ended September 30, 2025 is as follows:

Expiry date	Exercise Price	Outstanding December 31, 2024	Granted	Exercised	Cancelled/ Expired	Outstanding September 30, 2025	Exercisable September 30, 2025
April 4, 2027	\$1.00	530,000	-	-	-	530,000	530,000
May 18, 2027	\$1.92	2,299,000	-	-	-	2,299,000	2,169,000
May 4, 2028	\$2.45	600,000	-	-	-	600,000	600,000
August 13, 2028	\$2.35	25,000	-	-	-	25,000	12,500
August 16, 2028	\$2.35	60,000	-	-	-	60,000	60,000
Total		3,514,000	-	-	-	3,514,000	3,371,500
Weighted average exercise price		\$1.88				\$1.88	

The weighted average fair value of share purchase options as at September 30, 2025 is \$1.88 (2024 – \$1.88).

(e) Loss per share

The effect of outstanding options have not been included in the weighted average calculation as the impact is anti-dilutive. The basic and diluted weighted average shares outstanding is calculated as below:

	Nine months ended September 30,	
	2025	2024
Opening balance	114,398,717	114,375,919
Weighted average change in common shares	(61,179)	125,332
Weighted average as at period end	114,337,538	114,501,251

Canadian North Resources Inc.

Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2025 and 2024
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8. Financial Instruments and Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(a) Credit risk

Credit risk arises from the possibility that a counterpart to which the Company provides goods or services is unable or unwilling to fulfill their obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and prepaid expenses. The Company limits its exposure to credit risk by dealing with well rated entities. Management believes credit risk to be low as its cash which is held in a major financial institution in Canada.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements by preparing short-term and long-term cash flow analyses. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company does not have any contractual obligations other than the accounts payable and accrued liabilities which are due within the next 12 months. The Company has current assets of \$252,480 (December 31, 2024 - \$1,885,261) to settle obligations of \$749,003 (December 31, 2024 - \$951,843).

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

i Foreign currency exchange risk

The Company is not exposed to foreign currency exchange rate fluctuations as the Company conducts all of its business in Canada.

ii Interest rate risk

Interest rate risk is the risk of change in the borrowing rates of the Company. The Company does not have any exposure to changes in interest rates and is therefore not exposed to this risk.

iii Commodity price risk

Commodity price risk is the risk of price volatility of commodity prices, such as mineral prices. Currently the Company does not have commercial operations and is therefore not exposed to this risk. Commodity prices generally fluctuate beyond the control of the Company. Factors which contribute to the fluctuation are, but not limited to, demand, forward sales, worldwide production, speculative hedging activities, and bank lending rates.

Canadian North Resources Inc.

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8. Financial Instruments and Risk Management (continued)

(d) Fair value of financial instruments

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the financial instrument:

- Level 1 fair value measurements are those derived from quoted prices (adjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The carrying value of cash and cash equivalents, HST receivable and accounts payable and accrued liabilities approximates fair value due to the short-term nature. As of September 30, 2025, the Company does not have financial instruments measured at fair value through profit and loss.