CANAGOLD RESOURCES LTD.

First Quarter Report

Condensed Consolidated Interim Financial Statements

(expressed in United States dollars)

Three Months ended March 31, 2025

(Unaudited – Prepared by Management)

Notice of No Auditor Review of

Unaudited Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2025

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these unaudited condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the unaudited condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Canagold Resources Ltd. (the "Company") for the three months ended March 31, 2025 (the "Financial Statements") have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors. The Financial Statements are stated in terms of United States dollars, unless otherwise indicated, and are prepared in accordance with International Accounting Standards 34 ("IAS 34") and International Financial Reporting Standards ("IFRS").

CANAGOLD RESOURCES LTD.

Unaudited Condensed Consolidated Statements of Financial Position
(expressed in thousands of United States dollars)

	Notes		March 31, 2025		December 31, 2024
ASSETS					
CURRENT ASSETS					
Cash		**$**	**2,008**	$	676
Marketable securities	6		**68**		218
Receivables and prepaids	15		**135**		247
Total Current Assets			**2,211**		1,141
NON-CURRENT ASSETS					
Mineral property interest	7		**32,193**		31,300
Mineral property deposits			**107**		107
Equipment	8		**178**		197
Total Non-Current Assets			**32,478**		31,604
Total Assets		**$**	**34,689**	$	32,745
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	12	**$**	**964**	$	928
Flow through premium liability	9(a)		**51**		-
Lease liability, current	9(c)		**62**		62
Total Current Liabilities			**1,077**		990
LONG TERM LIABILITIES					
Deferred compensation liability	10(c)		**513**		422
Lease liability, long term	9(c)		**75**		88
Deferred income tax liability	15		**1,267**		1,265
Total Long Term Liabilities			**1,855**		1,775
Total Liabilities			**2,932**		2,765
SHAREHOLDERS' EQUITY					
Share capital	10(b)		**93,834**		91,688
Reserve for share-based payments			**606**		593
Accumulated other comprehensive loss			**(5,633)**		(5,669)
Deficit			**(57,050)**		(56,632)
Total Shareholders' Equity			**31,757**		29,980
Total Liabilities and Shareholders' Equity		**$**	**34,689**	$	32,745

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)
Commitment (Note 14)

Refer to the accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

/s/ Sofia Bianchi	*/s/ Andrew Trow*
Director	Director

CANAGOLD RESOURCES LTD.

Unaudited Condensed Consolidated Statements of Comprehensive Loss
(expressed in thousands of United States dollars)

	Notes	Three months ended March 31, **2025**	2024
Expenses:			
Amortization	8	**$ 19**	$ 20
Corporate development		**30**	45
Employee and director remuneration	12	**109**	144
General and administrative	11	**80**	96
Share-based payments	10(c) and 12	**104**	61
Operating loss		**(342)**	(366)
Interest and other income		**9**	22
Foreign exchange (loss) gain		**2**	32
Change in fair value of marketable securities	6	**(98)**	252
Interest and finance charges	9 (c)	**(2)**	(3)
Net loss before income tax		**(431)**	(64)
Income tax recovery	9(a)	13	-
Net loss for the period		**(418)**	(64)
Other comprehensive income (loss):			
Item that will or may be reclassified to profit or loss:			
Foreign currency translation adjustment		**36**	(689)
Comprehensive loss for the period		**$ (382)**	$ (753)
Basic and diluted loss per share		**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding - Basic and Diluted		**177,286,707**	158,579,504

Refer to the accompanying notes to the consolidated financial statements.

CANAGOLD RESOURCES LTD.

Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity

(expressed in thousands of United States dollars, except per share amounts)

	Number of Shares	Amount	Share-Based Payments	Comprehensive Income (Loss)	Deficit	Total
Balance, December 31, 2023	157,889,394	$ 88,768	$ 656	$ (3,170)	$ (55,516)	$ 30,738
Private placement	15,700,000	2,781	-	-	-	2,781
Conversion of RSUs to shares	906,302	165	(165)	-	-	-
Share issuance expense	-	(26)	-	-	-	(26)
Share based payments	-	-	108	-	-	108
Expiration of stock options	-	-	(6)	-	6	-
Comprehensive loss for the year	-	-	-	(2,499)	(1,122)	(3,621)
Balance, December 31, 2024	174,495,696	$ 91,688	$ 593	$ (5,669)	$ (56,632)	$ 29,980
Private placement	9,200,000	2,159	-	-	-	2,159
Share issuance expense	-	(13)	-	-	-	(13)
Share based payments	-	-	13	-	-	13
Comprehensive loss for the period	-	-	-	36	(418)	(382)
Balance, March 31, 2025	183,695,696	$ 93,834	$ 606	$ (5,633)	$ (57,050)	$ 31,757
Balance, December 31, 2023	157,889,394	$ 88,768	$ 656	$ (3,170)	$ (55,516)	$ 30,738
Private placement	15,700,000	2,781	-	-	-	2,781
Share issuance expense	-	(10)	-	-	-	(10)
Reserve for share based payments	-	-	27	-	-	27
Comprehensive loss for the period	-	-	-	(689)	(64)	(753)
Balance, March 31, 2024	173,589,394	$ 91,539	$ 683	$ (3,859)	$ (55,580)	$ 32,782

Refer to the accompanying notes to the consolidated financial statements.

CANAGOLD RESOURCES LTD.

Unaudited Condensed Consolidated Statements of Cash Flows
(expressed in thousands of United States dollars)

		Three months ended March 31,	
	Notes	**2025**	2024
Cash provided from (used by):			
Operations:			
Net loss		**$ (418)**	$ (64)
Items not involving cash:			
Accrued interest	9(c)	**2**	3
Amortization	8	**19**	20
Share-based payments	10(c)	**104**	61
Change in fair value of marketable securities		**98**	(252)
Income tax recovery	9(a)	**(13)**	-
		(207)	(231)
Changes in non-cash working capital items:			
Receivables and prepaids		**112**	26
Accounts payable and accrued liabilities		**62**	(1)
Net cash used by operating activities		**(33)**	(206)
Financing:			
Issuance of common shares, net of share issuance costs		**2,209**	3,031
Lease payments		**(15)**	(16)
Cash provided from financing activities		**2,194**	3,015
Investing:			
Proceeds from disposition of marketable securities		**52**	-
Expenditures for mineral properties, net of recoveries		**(896)**	(607)
Cash used by investing activities		**(844)**	(607)
Unrealized foreign exchange gain (loss) on cash		**15**	(62)
Increase in cash		**1,332**	2,140
Cash, beginning of period		**676**	2,811
Cash, end of period		**$ 2,008**	$ 4,951

Refer to the accompanying notes to the consolidated financial statements.

CANAGOLD RESOURCES LTD.

Unaudited Condensed Consolidated Statements of Cash Flows
(expressed in thousands of United States dollars)

	Three Months Ended March 31,	
	2025	2024
Non-cash financing and investing activities:		
Income taxes paid	-	-
Interest paid	-	-
Mineral property costs included in account payable	756	302

Refer to the accompanying notes to the consolidated financial statements.

1. Nature of Operations and Going Concern

Canagold Resources Ltd. (the "Company"), a company incorporated under the laws of British Columbia on January 22, 1987, is in the mineral exploration business and has not yet determined whether its mineral property interests contain reserves. The recoverability of amounts capitalized for mineral property interests is dependent upon the existence of reserves in its mineral property interests, the ability of the Company to arrange appropriate financing and receive necessary permitting for the exploration and development of its mineral property interests, and upon future profitable production or proceeds from the disposition thereof. The address of the Company's registered office is #1500 – 1055 West Georgia Street, Vancouver, BC, Canada, V6E 4N7 and its principal place of business is #1250 – 625 Howe Street, Vancouver, BC, Canada, V6C 2T6.

The Company has no operating revenues, has incurred a significant net loss of $418,000 during the three months ended March 31, 2025 (March 31, 2024 – loss of $64,000) and has a deficit of $57 million as at March 31, 2025 (December 31, 2024 – deficit of $56.6 million). In addition, the Company has negative cash flows from operations. These unaudited condensed consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and repayment of liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings, and the attainment of profitable operations. Management continues to find opportunities to raise the necessary capital to meet its planned business objectives and continues to seek financing opportunities. There can be no assurance that management's plans will be successful. These matters indicate the existence of material uncertainties that may cast substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

2. Basis of Presentation

(a) Statement of compliance:

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the interpretations of the International Financial Reporting Standards Interpretations Committee. These unaudited condensed consolidated interim financial statements do not include all of the information and disclosures required for full and complete annual financial statements, and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024. The Company has consistently applied the same accounting policies for all periods as presented. Certain of the prior periods' comparative figures may have been reclassified to conform to the presentation adopted in the current period.

(b) Approval of consolidated financial statements:

These unaudited consolidated financial statements were approved by the Company's Board of Directors on May 14, 2025.

(c) Basis of presentation:

These unaudited condensed consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, as disclosed in Note 5. In addition, these unaudited condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Basis of Presentation (continued)

(d) Functional currency and presentation currency:

The functional currency of the Company and its subsidiaries is the Canadian dollar, and accounts denominated in currencies other than the Canadian dollar have been translated as follows:

- Monetary assets and liabilities at the exchange rate at the consolidated statement of financial position date;
- Non-monetary assets and liabilities at the historical exchange rates, unless such items are carried at fair value, in which case they are translated at the date when the fair value was determined;
- Shareholders' equity items at historical exchange rates; and
- Revenue and expense items at the rate of exchange on the transaction date.

The Company's presentation currency is the United States dollar. For presentation purposes, all amounts are translated from the Canadian dollar functional currency to the United States dollar presentation currency for each period. Statement of financial position accounts, with the exception of equity, are translated using the exchange rate at the end of each reporting period, transactions on the statement of comprehensive loss are recorded at the average rate of exchange during the period, and equity accounts are translated using historical actual exchange rates.

Exchange gains and losses arising from translation to the Company's presentation currency are recorded as a cumulative translation adjustment in other comprehensive income (loss), which is included in accumulated other comprehensive loss.

(e) Critical accounting estimates and judgments:

The preparation of the financial statements in accordance with IFRS Accounting Standards requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements along with the reported amounts of revenues and expenses during the period. Actual results may differ from these estimates and, as such, estimates and judgments and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management estimates relate to determining the recoverability of mineral property interests and receivables and the variables used in the determination of the fair value of stock based compensation granted. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

The Company applies judgment in assessing the functional currency of each entity consolidated in these consolidated financial statements. The functional currency of the Company and its subsidiaries is determined using the currency of the primary economic environment in which that entity operates.

For right of use assets and lease liability, the Company applies judgment in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

The Company applies judgment in assessing whether material uncertainties exist that would cast substantial doubt as to whether the Company could continue as a going concern.

2. Basis of Presentation (continued)

(e) Critical accounting estimates and judgments: (continued)

The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures. The Company is also entitled to refundable mining tax credits on qualified resource expenditures incurred in Canada. Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled or refundable tax credits not being recoverable. The Company accrues for refundable mining tax credits when management is reasonably assured that the amount is collectable.

At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore; expected renewals of exploration rights; whether substantive expenditures on further exploration and evaluation of resource properties are budgeted or planned; and results of exploration and evaluation activities on the exploration and evaluation assets.

3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed consolidated financial statements.

(a) Basis of consolidation:

These unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries including New Polaris Gold Mines Ltd. (Canada), AIM U.S Holdings Corporation (USA), American Innovative Minerals LLC ("AIM") (USA), Fondaway LLC (USA), and Canarc (Barbados) Mining Ltd (inactive) (Barbados). The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. All significant intercompany transactions and balances are eliminated on consolidation.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

3. Material Accounting Policy Information (continued)

(b) Financial instruments:

(i) Financial assets:

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that: (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and (iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the consolidated statements of financial position at fair value with changes in fair value therein, recognized in profit or loss. Associated transaction costs are recognized in profit or loss in the period in which it arises.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method.

Financial assets at fair value through other comprehensive income ("FVTOCI")

Financial assets carried at FVTOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTOCI are included in other comprehensive income or loss in the period in which they arise.

(ii) Derecognition:

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The contractual rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. Material Accounting Policy Information (continued)

(b) Financial instruments: (continued)

(iii) Financial liabilities:

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

(iv) Fair value hierarchy

The Company categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

(c) Impairment of non-financial assets:

The carrying amounts of non-current assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount and is recorded as an expense in profit or loss.

The recoverable amount is the higher of an asset's "fair value less costs to sell" for the asset's highest and best use, and "value-in-use". Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined. "Fair value less costs to sell" is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date less incremental costs directly attributable to disposal of the asset, excluding financing costs and income tax expenses. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to the present value, assumptions used are those that an independent market participant would consider appropriate. In assessing "value-in-use", the estimated future cash flows expected to arise from the continuing use of the assets in their present form and from their disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

For the purposes of impairment testing, mineral property interests are allocated to cash-generating units to which the exploration or development activity relates. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

3. Material Accounting Policy Information (continued)

(d) Mineral property interest:

All costs related to investments in mineral property interests are capitalized on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. The costs related to a mineral property from which there is production, together with the costs of mining equipment, will be amortized using the unit-of-production method. When there is little prospect of further work on a property being carried out by the Company or its partners or when a property is abandoned or when the capitalized costs are not considered to be economically recoverable, the related property costs are written down to the amount recoverable.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of a property option agreement. As the property options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Property option payments are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale or property option of the Company's property interest is recorded as a reduction of the mineral property cost. The Company recognizes in income those costs that are recovered on mineral property interests when amounts received or receivable are in excess of the carrying amount.

The amounts shown for mineral property interests represent costs incurred to date and include advance net smelter return ("NSR") royalties, less recoveries and write-downs, and are not intended to reflect present or future values.

(e) Equipment:

Leasehold improvements, office equipment and furnishings, and right-of-use assets are recorded at cost, and are amortized as follows:

Leasehold improvements	Straight line over lease term
Office equipment	Double declining rate of 30%
Office furnishings	Double declining rate of 20%
Right-of-use	Straight line over lease term

Additions during the year are amortized on a pro-rated basis.

(f) Proceeds on unit offerings:

Proceeds received on the issuance of units, consisting of common shares and warrants, are first allocated to the fair value of the common shares with any residual value then allocated to warrants. Consideration received on the exercise of warrants is recorded as share capital and any related reserve for share-based payments is transferred to share capital.

(g) Non-monetary transactions:

Common shares issued for consideration other than cash are valued based on the fair market value of the goods or services received and if not determinable, the common shares are valued at their quoted market price at the date of issuance.

3. Material Accounting Policy Information (continued)

(h) Flow-through common shares:

The Company will, from time to time, issue flow-through common shares to finance a portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through shares into: (i) a flow-through share premium equal to the excess, if any, which investors pay for the flow-through common share over the market price of common shares on closing date and which is recognized as a liability; and (ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability or tax recovery for the amount of tax reduction renounced to the shareholders.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as a finance expense until paid.

(i) Share-based payments:

The Company has an Omnibus plan that is described in Note 10(c). Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to the reserve for share-based payments. Consideration received on the exercise of stock options is recorded as share capital and the related reserve for share-based payments is transferred to share capital. Upon expiry, the recorded fair value is transferred from reserve for share-based payments to deficit.

The Company has a share appreciation rights plan, which provides stock option holders the right to receive the number of common shares that are equal in value to the intrinsic value of the stock options at the date of exercise. Amounts transferred from the reserve for share-based payment to share capital are based on the ratio of shares actually issued to the number of stock options originally granted. The remainder is transferred to deficit.

(j) Environmental rehabilitation:

The Company recognizes liabilities for statutory, contractual, constructive, or legal obligations associated with the retirement of mineral property interests and equipment, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

3. Material Accounting Policy Information (continued)

(j) Environmental rehabilitation: (continued)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit or loss as incurred.

(k) Earnings (loss) per share:

Basic earnings (loss) per share is computed by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period. The treasury stock method is used to calculate diluted earnings (loss) per common share amounts. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of the diluted per common share amount assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share presented is the same as basic loss per share as the effect of outstanding options and warrants in the loss per common share calculation would be anti-dilutive.

(l) Provisions:

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(m) Income taxes:

The Company follows the asset and liability method for accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent that recovery is considered probable.

3. Material Accounting Policy Information (continued)

(n) Right-of-use asset and lease liability:

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset ("ROU asset") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions:

(i) The Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months; or
(ii) For leases of low value.

The payments for such leases are recognized in the consolidated statements of loss and comprehensive loss over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated amortization and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statements of loss and comprehensive loss.

(o) Mining exploration tax recoveries:

The Company recognizes mining exploration tax recoveries in the period in which there is reasonable expectation, based on management's estimate, of receiving a refund. The amount of refundable mining tax credits receivable is subject to review and approval by the taxation authorities and is adjusted for in the period when such approval is confirmed.

(p) Adoption of new accounting standards:

IFRS 18, issued by the IASB in April 2024, is a new standard on "Presentation and Disclosure in Financial Statements" that replaces IAS 1 and is effective from January 1, 2027, with earlier application permitted. The Company has not early adopted IFRS 18.

4. Management of Capital

The Company is an exploration stage company and this involves a high degree of risk. The Company has not determined whether its mineral property interests contain reserves of ore and currently has not earned any revenues from its mineral property interests and, therefore, does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of share capital and proceeds from debt. The Company has generated cash inflows from the disposition of marketable securities. The Company is not subject to any externally imposed capital requirements.

The Company defines its capital as debt and share capital. Capital requirements are driven by the Company's exploration activities on its mineral property interests. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities.

The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future. The Company will continue to rely on debt and equity financings to meet its commitments as they become due, to continue exploration work on its mineral property interests, and to meet its administrative overhead costs for the coming periods.

The Company is not subject to any external capital requirements.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2025.

5. Management of Financial Risk

The Company has classified its financial instruments as follows:

Financial Assets	
Cash	Amortized cost
Marketable securities	FVTPL
Receivables	Amortized cost
Financial Liability	
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost

5. Management of Financial Risk (continued)

The fair values of the Company's cash, receivables and accounts payable and accrued liabilities approximate their carrying values due to the short terms to maturity. Certain marketable securities are measured at fair values using Level 1 inputs. Other marketable securities are measured using Level 3 of the fair value hierarchy. Lease liabilities are measured at amortized cost. There were no transfers between levels 1, 2 or 3 during the three months ended March 31, 2025.

The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk and market risk which includes foreign currency risk, interest rate risk and other price risk. The types of risk exposure and the way in which such exposure is managed are provided as follows.

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality Canadian financial institutions.

To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable, which may include amounts receivable from certain related parties, and records an expected credit loss based on its best estimate of potentially uncollectible amounts. Management believes that the credit risk with respect to these financial instruments is remote.

The financial instruments that potentially subject the Company to credit risk comprise cash and certain receivables, the carrying value of which represents the Company's maximum exposure to credit risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and its ability to raise equity financings. As at March 31, 2025, the Company had a working capital (current assets less current liabilities) of $1.1 million (December 31, 2024 - $151,000). The Company has sufficient funding to meet its short-term liabilities and administrative overhead costs, and to maintain its mineral property interests in 2025. The Company will need additional funding to advance its projects.

5. Management of Financial Risk (continued)

(b) Liquidity risk: (continued)

The following schedule provides the contractual obligations related to the lease liability payments (Notes 9(c)) as at March 31, 2025:

	Payments due by Period (CAD$000)				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Basic office lease	$ 213	$ 87	$ 126	$ -	$ -

(c) Market risk:

The significant market risk exposures to which the Company is exposed are foreign currency risk, interest rate risk and other price risk.

(i) Foreign currency risk:

Certain of the Company's mineral property interests and operations are in Canada. Most of its operating expenses are incurred in Canadian dollars. Fluctuations in the Canadian dollar would affect the Company's consolidated statements of comprehensive loss as its functional currency is the Canadian dollar, and fluctuations in the U.S. dollar would impact its cumulative translation adjustment as its consolidated financial statements are presented in U.S. dollars.

The Company is exposed to currency risk for its U.S. dollar equivalent of assets and liabilities denominated in currencies other than U.S. dollars as follows:

	31-Mar-25	31-Dec-24
Cash	$ 1,914	$ 589
Marketable securities	68	218
Receivables and prepaids	241	247
Accounts payable and accrued liabilities	(959)	(828)
Lease liability	(137)	(150)
Deferred compensation liability	(513)	(422)
Net financial assets (liabilities)	$ 615	$ (346)

Based upon the above net exposure as at March 31, 2025 and assuming all other variables remain constant, a 10% (December 31, 2024 - 10%) depreciation or appreciation of the U.S. dollar relative to the Canadian dollar could result in a decrease (increase) of approximately $61,500 (December 31, 2024- $35,000) in the cumulative translation adjustment in the Company's shareholders' equity.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

5. Management of Financial Risk (continued)

(c) Market risk: (continued)

(ii) Interest rate risk:

In respect of financial assets, the Company's policy is to invest excess cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact on the value of cash equivalents. The Company’s investments in guaranteed investment certificates bear a fixed rate and are cashable at any time prior to maturity date. Interest rate risk is not significant to the Company as it has no interest-bearing debt at year-end.

(iii) Other price risk:

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Company’s other price risk includes equity price risk, whereby investment in marketable securities are held for trading financial assets with fluctuations in quoted market prices recorded at FVTPL. There is no separately quoted market value for the Company’s investments in the shares of certain strategic investments.

As certain of the Company’s marketable securities are carried at market value and are directly affected by fluctuations in value of the underlying securities, the Company considers its financial performance and cash flows could be materially affected by such changes in the future value of the Company’s marketable securities. Based upon the net exposure as at March 31, 2025 and assuming all other variables remain constant, a net increase or decrease of 10% in the market prices of the underlying securities would increase or decrease respectively net (loss) income by $7,000 (December 31, 2024 - $22,000).

6. Marketable Securities

		March 31, 2025		December 31, 2024
Balance, begin of period	$	218	$	1,534
Proceeds from disposition of marketable securities at fair value		(52)		(1,110)
Change in fair value of marketable securities		(98)		(143)
Foreign currency translation adjustment		-		(63)
Balance, end of period	$	68	$	218

(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

7. Mineral Property Interest

	Canada		USA		
	British Columbia		Nevada		
	New Polaris (Note 7(a)(i))	Windfall Hills (Note 7(a)(ii))	Fondaway Canyon (Notes 7(b)(i))	Corral Canyon (Note 7(b)(ii))	Total
Acquisition Costs:					
Balance, December 31, 2024	$ 3,921	$ -	$ -	$ -	$ 3,921
Acquisition	11	-	-	-	11
Foreign currency translation adjustment	-	-	-	-	-
Balance, March 31, 2025	3,932	-	-	-	$ 3,932
Deferred Exploration Expenditures:					
Balance, December 31, 2024	27,379	-	-	-	27,379
Additions:					
Exploration:					
Assays and sampling	1	-	-	-	1
Community and social	49	-	-	-	49
Drilling	48	-	-	-	48
Environmental	574	-	-	-	574
Feasibility	59	-	-	-	59
General, administrative, sundry	2	-	-	-	2
Rental and storage	7	-	-	-	7
Royalties	7	-	-	-	7
Salaries	99	-	-	-	99
Transportation	11	-	-	-	11
Foreign currency translation adjustment	25	-	-	-	25
Balance March 31, 2025	28,261	-	-	-	28,261
Mineral property interest:					
Balance, March 31, 2025	$ 32,193	$ -	$ -	$ -	$ 32,193

(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

7. Mineral Property Interest (continued)

	Canada		USA		
	British Columbia		Nevada		
	New Polaris (Note 7(a)(i))	Windfall Hills (Note 7(a)(ii))	Fondaway Canyon (Notes 7(b)(i))	Corral Canyon (Note 7(b)(ii))	Total
Acquisition Costs:					
Balance, December 31, 2023	$ 3,927	$ -	$ -	$ -	$ 3,927
Acquisition	12	-	-	-	12
Foreign currency translation adjustment	(18)	-	-	-	(18)
Balance, December 31, 2024	3,921	-	-	-	$ 3,921
Deferred Exploration Expenditures:					
Balance, December 31, 2023	23,581	-	-	-	23,581
Additions:					
Exploration:					
Assays and sampling	60	-	-	-	60
Community and social	233	-	-	-	233
Drilling	1,183	-	-	-	1,183
Environmental	1,339	-	-	-	1,339
Feasibility	1,310	-	-	-	1,310
Field, camp, supplies	535	-	-	-	535
General, administrative, sundry	46	-	-	-	46
Local labour	175	-	-	-	175
Machinery and equipment	62	-	-	-	62
Metallurgy	38	-	-	-	38
Recovery of taxes	(133)	-	-	-	(133)
Rental and storage	61	-	-	-	61
Salaries	698	-	-	-	698
Transportation	597	-	-	-	597
Utilities	4	-	-	-	4
Foreign currency translation adjustment	(2,410)	-	-	-	(2,410)
Balance December 31, 2024	27,379	-	-	-	27,379
Mineral property interest:					
Balance, December 31, 2024	$ 31,300	$ -	$ -	$ -	$ 31,300

7. Mineral Property Interest (continued)

(a) Canada:

(i) New Polaris (British Columbia):

The New Polaris property, which is located in the Atlin Mining Division, British Columbia, is 100% owned by the Company subject to a 15% net profit interest which may be reduced to a 10% net profit interest within one year of commercial production by issuing 150,000 common shares. Acquisition costs at March 31, 2025, include a reclamation bond for $209,000 (December 31, 2024 - $209,000).

(ii) Windfall Hills (British Columbia):

The Company owns 100% undivided interests in two adjacent gold properties (Uduk Lake and Dunn properties) located in British Columbia. The Uduk Lake properties are subject to a 1.5% NSR production royalty that can be purchased for CAD$1 million and another 3% NSR production royalty. The Dunn properties are subject to a 2% NSR royalty which can be reduced to 1% NSR royalty for $500,000. During the year ended December 31, 2023, the Company impaired the property to $Nil as the Company currently does not have any planned or budgeted expenditures for the property.

(b) United States:

(i) Fondaway Canyon (Nevada):

On March 20, 2017, the Company closed the Membership Interest Purchase Agreement with AIM (the "Membership Agreement") whereby the Company acquired 100% legal and beneficial interests in mineral properties located in Nevada, Idaho and Utah (USA) for a total cash purchase price of $2 million in cash and honouring pre-existing NSRs. Certain of the mineral properties are subject to royalties. For the Fondaway Canyon project, it bears both a 3% NSR and a 2% NSR. The 3% NSR has a buyout provision for an original amount of $600,000 which is subject to advance royalty payments of $35,000 per year by July 15th of each year until a gross total of $600,000 has been paid at which time the NSR is bought out a balance of $425,000 with a fair value of $183,000 was outstanding upon the closing of the Membership Agreement; a balance of $Nil remains payable as at December 31, 2023. The 2% NSR has a buyout provision of either $2 million in cash or 19.99% interest of a public entity which owns AIM if AIM were to close an initial public offering of at least $5 million.

On October 16, 2019, the Company signed a binding Letter Agreement with Getchell Gold Corp. ("Getchell") which was later superseded by the Option Agreement for the Acquisition of Fondaway Canyon and Dixie Comstock Properties on January 3, 2020, whereby Getchell has an option for four years to acquire 100% of the Fondaway Canyon and Dixie Comstock properties located in Churchill County, Nevada (both subject to a 2% NSR) for $4 million in total compensation to the Company, comprised of $2 million in cash and $2 million in shares of Getchell. Payment terms by Getchell are as follows:

(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

7. Mineral Property Interest (continued)

(b) United States: (continued)

(i) Fondaway Canyon (Nevada): (continued)

	Cash		US$ equivalent in Getchell Shares	
At signing of agreement	$100	(received in 2020)	$100	(received in 2020 with fair value of $104,600)
1st anniversary	100	(received in 2020)	200	(received in 2020 with fair value of $208,400)
2nd anniversary	100	(received in 2021)	300	(received in 2021 with fair value of $259,000)
3rd anniversary	100	(received in 2022)	400	(received in 2022 with fair value of $376,000)
4th anniversary	1,600	(received in 2023)	1,000	(received in 2023 with fair value of $1,192,000)
	$2,000		$2,000	

The option includes minimum annual work commitments of $1.45 million on the properties. Getchell must also honor the pre-existing NSR and advance royalty commitments related to the properties, and grant the Company a 2% NSR on the Fondaway Canyon and Dixie Comstock properties of which half (1%) can be bought for $1 million per property.

On December 29, 2023, Getchell exercised the option to acquire the Fondaway Cannyon and Dixie Comstock. The Company recorded a gain of $738,000 in the 2023 Consolidated statement of comprehensive loss.

(ii) Corral Canyon (Nevada):

In 2018, the Company staked various mining claims in Nevada, USA. During the year ended December 31, 2023, the Company impaired the property to $Nil as the Company currently does not have any planned or budgeted expenditures for the property.

(iii) Silver King (Nevada):

In October 2018, the Company entered into a property option agreement for its Silver King property with Brownstone Ventures (US) Inc. ("Brownstone"), a subsidiary of Nevada King Gold Corp, whereby Brownstone has an option to earn a 100% undivided interest by paying $240,000 in cash over a 10 year period with early option exercise payment of $120,000. The Company will retain a 2% NSR of which a 1% NSR can be acquired by Brownstone for $1 million. The Company received $12,000 cash in 2024 (2023 - $12,000) which was recognized as mineral property option income.

7. Mineral Property Interest (continued)

(b) United States: (continued)

(iv) Lightning Tree (Idaho):

On September 10, 2020, the Company entered into an option agreement in the form of a definitive mineral property purchase agreement for its Lightning Tree property located in Lemhi County, Idaho, with Ophir Gold Corp. ("Ophir"), whereby Ophir shall acquire a 100% undivided interest in the property. In order to acquire the property, over a three-year period, Ophir shall pay to the Company a total of CAD$137,500 in cash over a three-year period and issue 2.5 million common shares and 2.5 million warrants over a two-year period, and shall incur aggregate exploration expenditures of at least $4 million over a three-year period. The Company will retain a 2.5% NSR of which a 1% NSR can be acquired by Ophir for CAD$1 million. If Ophir fails to file a NI 43-101 compliant resource on the Lightning Tree property within three years, the property will not be conveyed to Ophir. In August 2022, the Company received CAD$50,000 cash (2021 – CAD$25,000 cash). In 2021, the Company received 1.25 million shares with a fair value of $159,600 and 1.25 million warrants with a fair value of $5,000, all of which were recognized as mineral property option income. In Q3 2023, the Company and Ophir mutually agreed to terminate the September 10, 2020 agreement, and the property was returned to the Company.

(c) Expenditure options:

As at March 31, 2025, to maintain the Company's interest and/or to fully exercise the options under various property agreements covering its properties, the Company must make payments as follows:

	Cash Payments (CADS$000)	Cash Payments (US$000)	Annual Payments (US$000)	Number of Shares
New Polaris (Note 7(a)(i)):				
Net profit interest reduction or buydown	$ -	$ -	$ -	150,000
Windfall Hills (Note 7(a)(ii)):				
Buyout provision for net smelter return of 1.5%	1,000	-	-	-
Reduction of net smelter return of 2% to 1%	-	500	-	-
	$ 1,000	$ 500	$ -	150,000

These amounts may be reduced in the future as the Company determines which mineral property interests to continue to explore and which to abandon.

7. Mineral Property Interest (continued)

(d) Title to mineral property interests:

The Company has diligently investigated rights of ownership of all of its mineral property interests/ concessions and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, all properties and concessions may be subject to prior claims, agreements or transfers, and rights of ownership may be affected by undetected defects.

(e) Realization of assets:

The Company's investment in and expenditures on its mineral property interests comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the mineral properties, on the attainment of successful commercial production or from the proceeds of their disposal. The recoverability of the amounts shown for mineral property interests is dependent upon the existence of reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or proceeds from the disposition thereof.

(f) Environmental:

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation of the Company's operation may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous materials and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its current properties and former properties in which it has previously had an interest. The Company is not aware of any existing environmental problems related to any of its current or former mineral property interests that may result in material liability to the Company.

(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

8. Equipment

	Leasehold Improvements	Office Furnishings and Equipment	Right of Use Asset	Total
Cost:				
Balance, December 31, 2023	119	67	281	467
Foreign currency translation adjustment	(10)	(5)	(32)	(47)
Balance, December 31, 2024 and March 31, 2025	109	62	249	420
Accumulated amortization:				
Balance, December 31, 2023	32	61	77	170
Amortization	23	5	53	81
Foreign currency translation adjustment	(4)	(7)	(17)	(28)
Balance, December 31, 2024	51	59	113	223
Amortization	5	1	13	19
Foreign currency translation adjustment	-	-	-	-
Balance, March 31, 2025	56	60	126	242
Net book value:				
Balance, March 31, 2025	$ 53	$ 2	$ 123	$ 178
Balance, December 31, 2024	$ 58	$ 3	$ 136	$ 197

The Company has a lease agreement for its headquarter office space in Vancouver, British Columbia. Its office lease term ended in July 2022 and a new office lease term started in September 2022 for a different office. The lease was set up as a right-of-use asset under the IFRS rules and 6.60% discount rate was used.

9. Liabilities

(a) Flow Through Premium Liability

On March 28, 2024, the Company closed a private placement for 15.7 million flow through common shares at CAD$0.2625 per share for gross proceeds of CAD$4.1 million. The fair value of the shares on March 28, 2024 was CAD$0.24 per share, resulting in the recognition of a flow through premium liability of CAD$0.0225 per share for a total of CAD$353,250.

On March 4, 2025, the Company closed a private placement for 9,200,000 flow through common shares at a price of CAD$0.35 per share for gross proceeds of CAD$3.2 million. The fair value of the shares on March 4, 2025 was CAD$0.34 per share, resulting in the recognition of a flow through premium liability of CAD$0.01 per share for a total of CAD$92,000.

(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

9. Liabilities (continued)

(a) Flow Through Premium Liability (continued)

Balance, December 31, 2023	$	-
Add:		
Excess of subscription price over fair value of flow through common shares	$	261
Foreign currency translation adjustment		(3)
Less:		
Income tax recovery		(258)
Balance, December 31, 2024		-
Add:		
Excess of subscription price over fair value of flow through common shares	$	63
Foreign currency translation adjustment		1
Less:		
Income tax recovery		(13)
Balance, March 31 2025		51

There is a remaining obligation to incur CAD$ 2.5Million qualified expenditures as at March 31, 2025 (as at December 31, 2024 – NIL).

(b) Deferred Royalty Liability

The 3% NSR for the Fondaway Canyon project (Note 7(b)(i)) has a buyout provision for an original amount of $600,000. The buyout amount is subject to advance royalty payments of $35,000 per year by July 15th of each year until the full gross total of $600,000 has been paid. The remaining balance was $425,000 at the closing of the Membership Agreement in March 2017. The $425,000 was discounted to a fair value of $183,000 in 2017 using a discount rate of 18%. The liability was accreted over time as follows:

Balance, December 31, 2022		131
Add:		
Accretion		22
Less:		
Advance royalty payment		(35)
Sale of investment (1)		(118)
Balance, December 31, 2023 and 2024, March 31, 2025	$	-
Current portion	$	-
Long term portion		-
Balance, December 31, 2023 and 2024, March 31, 2025	$	-

(1) Getchell exercised the option to acquire the Fondaway Canyon property on December 29, 2023. As such, the Company derecognized the deferred royalty liability from its books.

(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

9. Liabilities (continued)

(c) Lease Liability

The continuity of the lease liability for the period ended March 31, 2025:

Add:		
Interest		12
Foreign currency translation		(15)
Less:		
Payments		(62)
Balance, December 31, 2024	$	150
Add:		
Interest		3
Less:		
Payments		(15)
Balance, March 31, 2025	$	138
Current portion		
Long term portion	$	62
Balance, March 31, 2025		75
		137

10. Share Capital

(a) Authorized:

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value.

(b) Issued:

(i) On March 4, 2025, the Company closed a private placement for 9,200,000 flow through common shares at a price of CAD$0.35 per share for gross proceeds of CAD$3.2 million. The fair value of the shares on March 4, 2025 was CAD$0.34 per share, resulting in the recognition of a flow through premium liability of CAD$0.01 per share for a total of CAD$92,000.

(ii) On May 29, 2024, the Company converted 906,302 vested restricted share units ("RSUs") into common shares and issued 906,302 common shares to the officers of the Company.

(iii) On March 28, 2024, the Company closed a private placement for 15.7 million flow through common shares at CAD$0.2625 per share for gross proceeds of CAD$4.1 million. The fair value of the shares was CAD$0.24 per share, resulting in the recognition of a flow through premium liability of CAD$0.0225 per share for a total of CAD$353,000.

(iv) On July 28, 2023, the Company closed a financing consisting of 21,000,000 shares at CAD $0.21 per share for aggregate gross proceeds of CAD $4.4 million.

(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

10. Share Capital (continued)

(c) Omnibus incentive plan:

The Company has an omnibus incentive compensation plan implemented in 2023. Pursuant to the omnibus plan, at March 31 2025, the Company currently has 8,869,559 shares listed and reserved under the plan for stock option activities, 6,500,000 shares for restricted share units grants, 2,500,000 shares for deferred share units grants and 1,000,000 shares for performance share units grants. The Plan, together with all security-based compensation arrangements of the Company, has an aggregate maximum number of shares that can be reserved for issuance equal to 10% of the number of shares issued and outstanding, from time to time.

Stock Options:

The continuity of outstanding stock options for the period ended March 31, 2025 is as follows:

	Number of Shares	Weighted average exercise price (CAD$)
Outstanding balance, December 31, 2022	2,235,000	$0.49
Cancelled and expired during 2023	(1,335,000)	$0.49
Outstanding balance, at December 31, 2023	900,000	$0.50
Expired during 2024	(40,000)	$0.30
Outstanding balance, at December 31, 2024 and March 31, 2025	860,000	$0.51
Exercise price range		$0.50 - $0.52

The following table summarizes information about stock options exercisable and outstanding at March 31, 2025:

Exercise Prices (CAD$)	Number Outstanding at 31-Mar-25	Weighted Average Remaining Contractual Life (Number of Years)	Weighted Average Exercise Prices (CAD$)
$0.50	60,000	0.25	$0.50
$0.50	300,000	1.23	$0.50
$0.52	500,000	1.28	$0.52
	860,000	0.92	$0.51

(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

10. Share Capital (continued)

(c) Omnibus incentive plan: (continued)

No stock options were granted or vested during the period ended March 31, 2025 and year ended December 31, 2024.

Share units

i) Performance share units

No performance share units (PSUs) were granted or vested during the period ended March 31, 2025 and year ended December 31, 2024. As at, March 31, 2025, total PSUs available for granting are 1,000,000.

ii) Restricted share units

There are 5,880,963 restricted share units ("RSUs") available for granting under the Omnibus plan as at March 31, 2025.

No RSUs were granted during the three-month period ended March 31, 2025. A total of 58,483 RSUs were cancelled during the three-month period ended March 31, 2025.

222,598 RSUs were granted to the officers of the Company during the year ended December 31, 2024. The share price on grant date was CAD $0.30. These RSUs vest over a period of one year. During the year ended December 31, 2024, 906,302 vested RSUs were converted to common shares and 238,776 RSUs were cancelled

1,600,000 RSUs were granted to the officers of the Company during the year ended December 31, 2023. The share price on grant date was CAD $0.230. These RSUs vest over a period of two years.

For accounting purposes, the Company amortizes the share-based compensation expense over the vesting period. The Company recognized a share-based compensation expense of $13,000 for three-month period ended March 31, 2025 (March 31, 2024 - $26,857).

The following is the RSUs continuity schedule as of March 31, 2025:

Balance December 31, 2022	-
RSUs granted	1,600,000
Balance December 31, 2023	**1,600,000**
RSUs granted	222,598
RSUs vested and converted to shares	(906,302)
RSUs cancelled	(238,776)
Balance December 31,2024	677,520
RSUs cancelled	(58,483)
Balance March 31, 2025	**619,037**

iii) Deferred share units

There are 330,488 available deferred share units ("DSUs") under the Omnibus plan as at March 31, 2025,

No DSUs were granted to the directors of the Company during the three-month period ended March 31, 2025.

632,257 DSUs were granted to the directors of the Company during the year ended December 31, 2024 (share price on grant date was CAD $0.30).

(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

10. Share Capital (continued)

(c) Omnibus incentive plan: (continued

1,537,255 DSUs were granted to the directors of the Company during the year ended December 31, 2023 (share price on grant date was CAD $0.23).

These granted DSUs vested immediately. The Company accounts initially, based on the share price of the Company on the grant date, for a share-based compensation expense of and a corresponding share-based compensation liability. At each period end, the Company revalues the value of the outstanding DSUs to current market share price of the Company and adjusts accordingly the share based compensation and deferred compensation liability. For the three-month period ended March 31, 2025, the Company recognized a share based compensation of $91,000 (March 31, 2024 - $33,000) in connection with the revaluation of the outstanding DSUs to market value.

The following is the DSUs continuity schedule as of March 31, 2025:

	DSUs outstanding	Deferred compensation liability at period end
Balance December 31, 2022	-	-
DSUs granted	1,537,255	-
Balance December 31, 2023	**1,537,255**	**$244,000**
DSUs granted	632,257	
Balance December 31,2024	2,169,512	**$422,000**
Balance March 31, 2025	2,169,512	**$513,000**

(d) Warrants

During the three-month period ended March 31, 2025 and year end December 31, 2024 the Company had no warrants outstanding, issued, expired or exercised.

11. General and Administrative

	Three months ended March 31, 2025	Three months ended March 31, 2024
General and Administrative:		
Accounting and audit	$ 25	$ 20
Legal	1	7
Office and sundry	28	36
Properties related expenses and taxes	2	-
Regulatory	14	17
Rent	10	16
	$ 80	$ 96

(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

12. Related Party Transactions

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management is disclosed in the table below.

Except as disclosed elsewhere in the unaudited condensed consolidated financial statements, the Company had the following general and administrative costs with related parties during the three-month periods ended March 31, 2025 and 2024:

	Three months ended March 31		Net balance receivable (payable) as at December 31,	
	2025	2024	March 31, 2025	December 31, 2024
Key management compensation:				
Executive salaries and remuneration [(1)]	$ 195	$ 206	$ (13)	$ (13)
Directors fees	20	22	(20)	(17)
Share-based payments	104	61	-	-
	$ 319	$ 289	$ (33)	$ (30)

(1) Includes key management compensation which is included in employee and director remuneration, mineral property interests, and corporate development.

During the year ended December 31, 2024 the Company received from and provided to Sun Valley corporate and technical related services. The Company incurred $112,000 in expenses and charged $40,000 to Sun Valley for services and reimbursements. The amounts are outstanding at year end December 31, 2024 and March 31, 2025. During the three-month period ended March 31, 2025, the Company incurred an additional of $5,000 reimbursable by Sun Valley.

13. Segment Disclosures

The Company has one operating segment, being mineral exploration. As at March 31, 2025 and December 31, 2024 all of the Company's non-current assets were located in Canada.

14. Commitment

In January 2022, the Company entered into an office lease arrangement for a term of five years with a commencement date of September 1, 2022. The basic rent per year is CAD$84,700 for years 1 to 2, CAD$87,300 for years 3 to 4, and CAD$89,900 for year 5. As at December 31, 2024, the Company is committed to the following payments for base rent at its corporate head office in Vancouver, BC, as follows:

	Amount
	(CAD$000)
Year:	
2025	$65
2026	$88
2027	$60
	$213

15. Taxes

The Company is subject to corporate income taxes and other provincial and federal mining and sales taxes. There is a $33,000 receivables amount reported on the Statement of Financial Position of the Company comprised of taxes receivable from the Canadian tax authorities (federal GST credits). Although the Company has been successful in the past with applications for these credits, there is a risk that the tax claims may be denied or reduced by the tax authorities. As of March 31, 2025, the Company has a deferred tax liability of $1.267 million, resulted mainly from timing difference between the accounting and tax values of the mineral properties expenditures.

16. Subsequent events

On April 22, 2025, 360,645 RSUs were converted to shares issued to the officers of the Company.

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(tabular dollar amounts expressed in thousands of United States dollars, except per share amounts)

HEAD OFFICE	#1250 – 625 Howe Street Vancouver, BC, Canada, V6C 2T6 Telephone: (604) 685-9700 Facsimile: (604) 685-9744 Website: www.canagoldresources.com
DIRECTORS	Sofia Bianchi Carmen Letton Andrew Trow Kadri Dagdelen Michael Doyle
OFFICERS	Catalin Kilofliski ~ Chief Executive Officer Michael Doyle ~ Chief Technical Officer Garry Biles ~ President and Chief Operating Officer Mihai Draguleasa ~ Chief Financial Officer and Corporate Secretary Colm Keogh ~ Vice President Operations Chris Pharness ~ Vice President Sustainability and Permitting
REGISTRAR AND TRANSFER AGENT	Computershare Investor Services Inc. 3rd Floor, 510 Burrard Street Vancouver, BC, Canada, V6C 3B9
AUDITORS	Davidson & Company 1200-609 Granville Street Vancouver, BC, Canada, V7Y 1G6
SOLICITORS AND REGISTERED OFFICE	McMillan LLP #1500 – 1055 West Georgia Street Vancouver, BC, Canada, V6E 4N7
SHARES LISTED	Trading Symbols TSX: CCM OTC-QB: CRCUF DBFrankfurt: CAN

CANAGOLD RESOURCES LTD.

First Quarter Report

Management Discussion and Analysis

(expressed in United States dollars)

Three Months ended March 31, 2025

CANAGOLD RESOURCES LTD.

(the "**Company**")

First Quarter Report

Management's Discussion and Analysis
For the Three Months Ended March 31, 2025
(expressed in United States dollars)

CAUTION – FORWARD LOOKING STATEMENTS

Certain statements contained herein regarding the Company and its operations constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. All statements that are not historical facts, including without limitation statements regarding future estimates, plans, objectives, assumptions or expectations of future performance, are "forward-looking statements". We caution you that such "forward looking statements" involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Such risks and uncertainties include fluctuations in precious metal prices, unpredictable results of exploration activities, uncertainties inherent in the estimation of mineral reserves and resources, if any, fluctuations in the costs of goods and services, problems associated with exploration and mining operations, changes in legal, social or political conditions in the jurisdictions where the Company operates, lack of appropriate funding and other risk factors, as discussed in the Company's filings with Canadian and American Securities regulatory agencies. The Company expressly disclaims any obligation to update any forward-looking statements, other than as may be specifically required by applicable securities laws and regulations.

1.0 Preliminary Information

The following Management's Discussion and Analysis ("MD&A") of Canagold Resources Ltd. (the "Company") should be read in conjunction with the accompanying unaudited condensed consolidated financial statements for the three months ended March 31, 2025 and the audited consolidated financial statements as at December 31, 2024, 2023 and 2022, all of which are available on the SEDAR+ website at www.sedarplus.ca.

Financial information in this MD&A is prepared in accordance with International Financial Reporting Standards 34 Interim Finnacial Reporting ("IAS 34") based upon the principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All dollar amounts in the MD&A are expressed in United States dollars unless otherwise indicated.

All information contained in the MD&A is effective as of May 14, 2025 unless otherwise indicated.

1.1 Background

The Company was incorporated under the laws of British Columbia, and was engaged in the acquisition, exploration, development and exploitation of precious metal properties.

As the Company is focused on its mineral exploration activities, there is no mineral production, sales or inventory in the conventional sense. The recoverability of amounts capitalized for mineral property interests is dependent upon the existence of reserves in its mineral property interests, the ability of the Company to arrange appropriate financing and receive necessary permitting for the exploration and development of its property interests, confirmation of the Company's interest in certain properties, and upon future profitable production or proceeds from the disposition thereof. Such exploration and development activities normally take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty at this time. Many of the key factors are outside of the Company's control. As the carrying value and amortization of mineral property interests and capital assets are, in part, related to the Company's mineral reserves and resources, if any, the estimation of such reserves and resources is significant to the Company's financial position and results of operations.

1.2 Overall Performance

The Company currently owns a direct interest in the precious metal properties, known as the New Polaris property (British Columbia), the Windfall Hills property (British Columbia), and the Corral Canyon property (Nevada) as well as a portfolio of smaller exploration properties in Nevada and Idaho.

1.2.1 New Polaris property (British Columbia, Canada)

The Company owns a 100% interest in the New Polaris property, located in the Atlin Mining Division, British Columbia, which is subject to a 15% net profit interest and may be reduced to a 10% net profit interest within one year of commercial production by issuing 150,000 common shares to Rembrandt Gold Mines Ltd.

On April 17, 2019, the Company filed on SEDAR its updated NI 43-101 report on The New Polaris Gold Project, British Columbia, Canada 2019 Preliminary Economic Assessment (the "Preliminary Economic Assessment") by Moose Mountain Technical Services ("Moose Mountain"), using flotation/bio-oxidation and CIL leaching process.

The Preliminary Economic Assessment is based upon building and operating a 750 tonne per day gold mine using bio-oxidation followed by a leaching process to produce 80,000 ounces gold per year in doré bars at site. The updated parameters in the base case economic model includes a gold price of US$1,300 per oz, CAD$/US$ foreign exchange rate of 0.77, and cash costs of US$433 per oz and all in sustaining cost US$510 per oz. The Preliminary Economic Assessment for the New Polaris project results in an estimated after-tax net present value of CAD$280 million using a discount rate of 5%, an estimated after-tax internal rate of return of 38%, and an estimated after tax pay-back period of 2.7 years. The Preliminary Economic Assessment is preliminary in nature, and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Given the inherent uncertainties of resources, especially inferred resources compared to reserves, the New Polaris gold mine project cannot yet be considered to have proven economic viability and there is no certainty that the results of the Preliminary Economic Assessment will be realized.

A detailed discussion of the Preliminary Economic Assessment is provided in the report itself, and select information can be found under "Extract of Selected Sections of the New Polaris Preliminary Economic Assessment Report" on pages 13-32 of the Annual Information Form dated March 28, 2022 and filed on SEDAR on March 29, 2022.

Readers are cautioned that the effective date of Preliminary Economic Assessment for New Polaris is February 28, 2019 (the "Effective Date"). Accordingly, the economic analysis contained in the Preliminary Economic Assessment is based on commodity prices, costs, sales, revenue, and other assumptions and projections that may significantly change from the Effective Date, including a gold price of US$1,300 per oz, CAD$/US$ foreign exchange rate of 0.77, and cash costs of US$433 per oz. Readers should not place undue reliance on the economic analysis contained in the Preliminary Economic Assessment because the Company cannot give any assurance that the assumptions underlying the report remain current.

The Qualified Person ("QP") pursuant to NI 43-101 for the New Polaris Preliminary Economic Assessment is Marc Schulte, P. Eng.

In September 2020, the Company was granted a Multi Year Area Based Notice of Work Mineral and Coal Exploration Activities and Reclamation Permit by the BC Ministry of Energy, Mines and Low Carbon Innovation to conduct exploration work on the property. Site preparation and refurbishment was completed to facilitate environmental baseline study and infill drilling to advance to a feasibility study. In late 2020, the Company had initiated environmental baseline studies which are required for an Environmental Assessment Certificate application and which is a critical first step in advancing the project through the BC major mine permitting process.

In 2021, the Company completed its 47-hole, 24,000 meter (m) infill drilling program designed to upgrade the Inferred Resources of the CWM vein system to an Indicated Resource category for inclusion in a future feasibility study. The infill drill holes range in depth from 300 to 650 m and are designed to provide greater density of drill intercepts (20 – 25 m spacing) in areas of Inferred Resources between 150 and 600 m below surface. The drill program was extended with an additional 6,000 m and 7 drill holes completed by the end of February 2022. The infill drill holes intercepted gold grades over widths throughout the CWM vein system that support the current resource at depth as predicted by the geological model and defined in the Preliminary Economic Assessment. Additionally, the infill drill program has defined new areas of significant gold mineralization such as the C-9 and C-10 veins that have potential to add resource to the deposit. By mid July 2022, assay results were received for all 54 holes of the drill program.

In August 2022, the Company mobilized an 8,000 m drilling program targeting the shallower high-grade Y-vein system which consists of two parallel, steeply dipping veins striking north–south and located just north of the C-West Main vein. This target provides an opportunity to define high grade resources at a shallow depth that could be accessed early in the mine life. High grade intercepts from previous drill holes in this area included 30.6 grams per tonne ("gpt") gold ("Au") over 3.2 m, 13.0 gpt Au over 6.8 m and 22.7 gpt Au over 8.0 m. The drilling program was designed to upgrade the Y-vein resources from Inferred to Indicated category for inclusion in the feasibility study and to explore this vein system for extensions at depth. By late January 2023 assay results were received for all 25 drill holes of the Y vein drill program.

In October 2022, the Company retained Ausenco Engineering Canada Inc. to complete a feasibility study for the New Polaris gold project. Key objectives for the feasibility study include:

- Resource model update (to include nearly 40,000 metres of additional drilling completed)
- Mining reserves calculation and detailed underground mine plan development
- Engineer and design all surface infrastructure and processing facilities to include among others: flotation, bio-oxidation, leaching and gold doré bar production
- Engineer and design surface dry stack tailings and waste rock disposal facility (with no long-term adverse impact on the environment)
- Evaluate all renewable power alternatives that may be feasible for New Polaris
- Complete detailed capital and operating cost estimates, including a detailed financial model for the life of the project

The feasibility study is expected to conclude in the summer of 2025.

In October 2022, the Company signed the Hà Khustìyxh / "Our Way" agreement that establishes the framework for a cooperative and mutually respectful working relationship with the Taku River Tlingit First Nation ("TRTFN") to support Canagold's exploration and advancement activities at New Polaris while ensuring to minimize any adverse impacts of mining activity on the rights and interests of the TRTFN. The agreement also lays the foundation for negotiation of future long-term agreements as the project progresses through its permitting, construction and production phases.

In March 2023, the Company submitted its Initial Project Description (IPD) and Engagement Plan submission to the B.C. Environmental Assessment Office. The Company's IPD submission formally initiates the early engagement phase of the provincial assessment process. In the IPD, the Company provides an overview and detailed description of the Company's plans to develop, operate, and eventually decommission the New Polaris Gold Project.

In May 2023, the resource model was updated to:

- 89% increase in the Indicated category contained ounces of gold compared to the 2019 preliminary economic assessment resource due to a very successful 2021-22 infill drill program.
- 23% increase to the overall resource tonnage due to the additional veins defined by the 2021-22 infill drilling that were integrated into the new geological model
- Gold grade improvement by 8% in the indicated category to 11.61 gpt Au, up from 10.8 gpt Au in the 2019 preliminary economic assessment due to the refined geological model constrained by the additional drilling.
- The updated 2023 MRE provides the Indicated category resource required to underpin the feasibility study

announced on October 11, 2022.

- Underground mineral resource estimate 2.97 million tonnes (Mt)@ 11.6 grams per tonne gold (gpt Au) for 1.11 million ounces (Moz) contained gold indicated and 0.93 Mt @ 8.93 gpt Au for 0.27 Moz contained gold inferred.

Deepak Malhotra, Ph.D., SME-RM and Sue Bird, P.Eng, are the QPs for the mineral resource update report.

On March 28, 2024, the Company raised $CAD 4.1 million from issuance of flow through shares. The Company used the proceeds for exploration activities at the Company's New Polaris project. The exploration activities consisted mainly of a drilling program targeting an increase in the mineral resource. The program concluded in August 2024 with the following highlights:

- **10.8 grams per tonne ("gpt") gold ("Au")** over **4.3 m** from 176.4 m down hole in **Hole NP24-34**
  - ***Including 15.5 gpt Au*** *over* ***2.0 m*** *from 177.5 m*
- **10.4 gpt Au** over **3.6 m** from 166.8 m down hole in **Hole NP24-34**
  - ***Including 12.3 gpt Au over 1.3 m*** *from 166.8 m*
- **14.1 gpt Au over 1.1 m** from 202.7 m down hole in **Hole NP24-33A**
- **10.4 gpt Au over 1.2 m** from 252.3 m down hole in Hole **NP24-33A**

In September 2024, the British Columbia Environmental Assessment Office (BCEAO) has recommended that the New Polaris Project proceed to the Process Planning Phase of the environmental assessment. This recommendation follows a thorough review that evaluated the potential environmental and socio-economic impacts of the project.

In January 2025. BCEAO issued a process order, enabling the Project to proceed to the Application Development and Review phase of the Environmental Assessment. This marks a crucial step forward in the permitting process for the New Polaris Project. During this phase, Canagold will prepare and submit its application for an Environmental Assessment Certificate while continuing its robust engagement efforts with Indigenous Nations, regulatory bodies, and other stakeholders. Prior to issuing the process order, BCEAO conducted a thorough review process that included feedback from participating Indigenous Nations, the Technical Advisory Committee (TAC), Alaskan Tribes, and the public, facilitated through a public comment period.

In February 2025, Canagold updated the mineral resource to quantify the antimony metal contained within the gold resource:

- 5,630 tonnes of antimony metal within the base case indicated gold resource, and
- 1,195 tonnes of antimony metal within the base case inferred gold resource

In 2025, further analysis of the antimony resource and expansion potential will take place, accompanied by additional metallurgical testing, aimed at establishing the best processing methods for producing a commercially viable antimony product.

Sue Bird, M Sc., P.Eng. V.P. of Resources and Engineering at Moose Mountain Technical Services, an independent Qualified Person as defined by NI 43-101, has reviewed and approved the technical information about the 2023 mineral resource update and 2025 antimony resource published by the Company (see *News Release dated February 21, 2025 and titled "Canagold Announces Antimony Mineral Resource Estimate for New Polaris Gold Project*")

In March 2025, closed a charity flow-through financing for the New Polaris project. The Company issued 9,200,000 common shares of the Company (each a "FT Share") that qualify as flow-through shares for the purposes of the Income Tax Act (Canada) at a price of $CAD 0.35 per FT Share for total gross proceeds of $CAD 3,220,000.

Further details of the 2021, 2022 and 2024 drilling programs are provided in the Company's news releases:

- *News release dated July 6, 2021 and titled, "Canagold Announces Initial 2021 Drill Results From New Polaris Project Including 24.2 gpt Gold over 6.6 m and 15.8 gpt Gold Over 13.0 m";*
- *News release dated July 19, 2021 and titled, "Canagold Announces Additional Results From New Polaris Drill Program Including 14.3 gpt Au Over 2.7 m and 15.3 gpt Au Over 1.7 m";*
- *News release dated July 27, 2021 and titled, "Canagold Drills 30.8 gpt Gold Over 3.9 Meters at New Polaris Project";*
- *News release dated September 22, 2021 and titled, "Canagold Intersects 17.1 gpt Au Over 8.4 m in Hanging-Wall C10 Vein and 25.7 gpt Au Over 2.1 m in C West Main Vein at New Polaris, BC";*
- *News release dated November 10, 2021 and titled, "Canagold Intersects 11.1 gpt Au over 17.8 m and 11 gpt over 8.9 m in 2 Separate Hanging-Wall Veins Adjacent to C West Main Vein at New Polaris Gold Project, BC";*
- *News release dated November 10, 2021 and titled, "Canagold Intersects 11.1 gpt Au over 17.8 m and 11 gpt over 8.9 m in 2 Separate Hanging-Wall Veins Adjacent to C West Main Vein at New Polaris Gold Project, BC";*
- *News release dated November 30, 2021 and titled, "Summary of High-Grade Drill Intercepts in the C-9 and C-10 Veins at the New Polaris Project in BC";*
- *News release dated January 26, 2022 and titled, "Canagold Announces High-Grade Drill Intercepts Containing Visible Gold from the C-West Main Zone at New Polaris Project, B";*
- *News release dated February 24, 2022 and titled, "Canagold Continues to Intersect High-Grade Gold Mineralization in C-West Main Vein at New Polaris Project, BC";*
- *News release dated March 2, 2022 and titled, "Canagold Drilling Intersects Deep Extension of C-West Main Vein, and Discovers New High-Grade Parallel C-Vein at New Polaris Project, BC";*
- *News release dated March 21, 2022 and titled, "Canagold Announces Additional High-Grade Gold Drill Intercepts from the C-10 and the C-West Main Veins at New Polaris Project, BC";*
- *News release dated April 21, 2022 and titled, "Canagold Continues to Intersect High-Grade Gold Mineralization in C-West Main Vein Including 42.5 gpt Au over 2 m at New Polaris Project, BC".*
- *News release dated June 14, 2022 and titled, "Canagold Drilling Intersects New Vein Grading 7.54 gpt Gold over 18.6 m Length at New Polaris Project, BC, Additional High-Grade Mineralization Outlined in C-West Main Vein";*
- *News release dated June 28, 2022 and titled, "Canagold Drilling Reports Two Highest Grade Drill Results of 54 Hole Program Including 13.6 gpt Gold over 25.1 m Length and 34.4 gpt over 6.6 m Length at New Polaris Project, BC";*
- *News release dated July 12, 2022 and titled, "Canagold Summarizes Results of 30,000 m Infill Drill Program at New Polaris Project, BC, Highlights Include 13.6 gpt Over 25.1 m";*
- *News release dated August 18, 2022 and titled, "Canagold Mobilizes Drill Crews and Restarts Resource Expansion Drilling at the New Polaris Project";*
- *News release dated October 11, 2022 and titled, "Canagold Retains Ausenco Engineering to Complete Feasibility Study on New Polaris Project";*
- *News release dated October 27, 2022 and titled, "Canagold Drills 22.1 Grams per Tonne Gold over 4.3 Metres in Y-Vein System at New Polaris";*
- *News release dated January 25, 2023 and titled, "Canagold Announces Agreement with Taku River Tlingit First Nation for Flagship New Polaris Project";*
- *News release dated February 6, 2023 and titled, "Canagold Confirms Near Surface High-Grade Gold, Including 53.8 gpt Au over 2.78 m and 18.0 gpt Au over 5.64 m in Y-Vein System at New Polaris"; and*
- *News release dated May 16, 2023 and titled, "Canagold Increases Indicated Gold Resource by 89% in Updated Mineral Resource Estimate for New Polaris Gold Project, BC".*
- *News release dated June 5, 2024 and titled, "Canagold Initiates Resource Expansion Drilling at New Polaris Project"*
- *News release dated July 18, 2024 and titled, "Canagold Intercepts Strong Mineralization in First Five Resource Expansion Drill Holes at New Polaris"*
- *News release dated August 29, 2024 and titled, "Canagold Continues to Intercept Strong Mineralization in Resource Expansion Drilling Program at New Polaris"*

- *News release dated September 18, 2024 and titled, "Canagold Completes Resource Expansion Drilling Program at New Polaris with Additional Strong Mineralization Intercepts"*

Details of the expenditures amounts incurred by the Company to advance New Polaris are included in section 1.4 of this MD&A.

1.2.2 American Innovative Minerals, LLC

1.2.2. Purchase Agreement with American Innovative Minerals, LLC

In 2017, the Company closed a Membership Interest Purchase Agreement (the "Membership Agreement") with American Innovative Minerals, LLC ("AIM") and securityholders of AIM ("the AIM Securityholders") to acquire either a direct or indirect 100% legal and beneficial interests in mineral resource properties located in Nevada, Idaho and Utah (USA) for a purchase price of $2 million in cash and honouring pre-existing NSRs.

AIM owns 8 gold properties in Nevada and one gold property in Idaho. Until December 29, 2023, the Company owned two additional gold properties in Nevada (Fondaway Canyon and Dixie Comstock). Pursuant to an agreement from January 2020, on December 29, 2023, Getchell Gold Corp ("Getchell") exercised its option to acquire the Fondaway Canyon and Dixie Comstock properties by making the final payment of $1.6 million in cash stipulated under the January 2020 agreement and issuing 10,167,000 Getchell Shares to the Company.

AIM's properties include:

1.2.2.a Silver King (Nevada, USA)

Silver King property is located in Humboldt County, Nevada on 4 patented claims in the Iron Point mining district near Golconda Summit. Previous exploration focused on low grade gold values but the property has never been explored for silver.

On October 25, 2018, the Company entered into an option agreement with Brownstone Ventures (US) Inc., a subsidiary of Casino Gold Corp., ("Brownstone Ventures") on the Company's wholly owned Silver King patented claim group located in Humboldt County, Nevada. Under the terms of the ten-year agreement, the Company will receive annual payments of $12,000 plus an option exercise payment of $120,000. Upon exercise of the option, the Company will retain a 2% NSR royalty on the property of which Brownstone Ventures will have the right to buy back one-half (1%) of the royalty for $1 million.

1.2.2.b Lightning Tree (Idaho, USA)

Lightning Tree property is located in Lemhi County, Idaho, on 4 unpatented claims near the Musgrove gold deposit.

On September 10, 2020, the Company entered into an option agreement in the form of a definitive mineral property purchase agreement for its Lightning Tree property located in Lemhi County, Idaho, with Ophir Gold Corp. ("Ophir"), whereby Ophir shall acquire a 100% undivided interest in the property. In order to acquire the property, over a three year period, Ophir shall pay to the Company a total of CAD$137,500 in cash over a three year period and issue 2.5 million common shares and 2.5 million warrants over a two year period, and shall incur aggregate exploration expenditures of at least $4 million over a three year period. In Q3 2023, the Company and Ophir mutually terminated the option agreement, and the Lightning Tree property has been returned to the Company.

1.2.2.c Corral Canyon property (Nevada, USA)

Corral Canyon property lies 35 km west of the town of McDermitt in Humboldt County along the western flank of the McDermitt caldera complex, an area of volcanic rocks that hosts significant lithium and uranium mineralization in addition to gold. It contains volcanic-hosted, epithermal, disseminated and vein gold mineralization evidenced by previous drilling.

In 2018, the Company staked 92 mining claims covering 742 hectares in Nevada, USA.

In November 2019, a five hole, 1600 meter drilling program was completed. Further details of the drilling program for the Corral Canyon project are provided in the Company's news release dated November 28, 2019 and titled, "*Canarc Completes Phase 1 Drill Program at Corral Canyon, Nevada*".

The Company may seek a partner to drill identified targets on the property.

1.2.3 Windfall Hills property (British Columbia, Canada)

The Windfall Hills gold project is located 65 km south of Burns Lake, readily accessible by gravel logging roads and a lake ferry crossing in the summer-time, or by charter aircraft year-round. The project consists of the Atna properties, comprised of 2 mineral claims totalling 959 hectares and the Dunn properties, comprised of 8 mineral claims totalling 2820 hectares.

In April 2013, the Company acquired 100% undivided interests in the two adjacent gold properties (Uduk Lake and Dunn properties) located in British Columbia. The Uduk Lake properties are subject to a 1.5% NSR production royalty that can be purchased for CAD$1 million and another 3% NSR production royalty. The Dunn properties are subject to a 2% NSR royalty which can be reduced to 1% NSR royalty for $500,000.

In the third quarter of 2020, the Company completed a Phase 2 diamond drill program. Six drill holes were completed for a total of 1,500 meters of core over an area of 30 hectares designed to follow up from gold-silver mineralization intersected in the 2014 Phase 1 drill holes. Further analysis of the structural and lithological controls on mineralization are needed to determine the next steps for the Windfall Hills property. The Company may seek a partner to advance the project.

Further details of the drilling program for the Windfall Hills project are provided in the Company's news release dated October 21, 2020 and titled, "*Canarc Announces Results of its Special General Meeting of Shareholders Approving Upsized Financing Totaling CAD$8.4 Million*".

1.2.4 Eskay Creek property (British Columbia, Canada)

In December 2017, the Company signed an agreement with Barrick Gold Inc ("Barrick") and Skeena Resources Ltd. ("Skeena") involving the Company's 33.3% carried interest in certain mining claims adjacent to the past-producing Eskay Creek Gold mine located in northwest British Columbia, whereby the Company will retain its 33.33% carried interest. The Company and Barrick have respectively 33.33% and 66.67% interests in 6 claims and mining leases totaling 2323 hectares at Eskay Creek. Pursuant to an option agreement between Skeena and Barrick, Skeena had the right to earn Barrick's 66.67% interest in the property which right had been exercised in October 2020.

Garry Biles, PEng, President and Chief Operating Officer of the Company, was the qualified person, as defined by National Instrument 43-101, and had approved the technical information from the drilling programs for the New Polaris and Windfall Hills projects.

Other Matters

In March 2024, Sun Valley Investments AG ("Sun Valley") participated in the financing offering of the Company and acquired 15,700,000 shares of the Company. Sun Valley also participated in the March 2025 financing, acquiring 4,600,000 shares of the Company. As of May 14, 2025, Sun Valley owns 48.16% of the outstanding shares of the Company.

1.3 Results of Operations

Three months ended March 31, 2025 (Q1 2025) compared with the three months ended March 31, 2024 (Q1 2024)

The Company has no sources of operating revenues. Operating losses were incurred for ongoing activities of the Company in acquiring and exploring its mineral property interests, advancing the New Polaris property, and pursuing mineral projects of merit. The Company incurred a net loss of $418,000 in Q1 2025, which is higher than the net loss of $64,000 for Q1 2024. Net losses were impacted by different functional expense items. The table below (in thousands of US dollars) provides a comparison of the results of operations for Q1 2025 vs. Q1 2024 (please refer to the unaudited condensed consolidated financial statements of the Company for the Notes indicted below):

		Three months ended March 31,	
	Notes	**2025**	2024
Expenses:			
Amortization	8	**$ 19**	$ 20
Corporate development		**30**	45
Employee and director remuneration	12	**109**	144
General and administrative	11	**80**	96
Share-based payments	10(c) and 12	**104**	61
Operating loss		**(342)**	(366)
Interest and other income		**9**	22
Foreign exchange (loss) gain		**2**	32
Change in fair value of marketable securities	6	**(98)**	252
Interest and finance charges	9 (c)	**(2)**	(3)
Net loss before income tax		**(431)**	(64)
Income tax recovery	9(a)	13	-
Net loss for the period		**(418)**	(64)

Overall operating losses are consistent for Q1 2025 and Q1 2024, with the focus of the company, advancing the New Polaris project, being unchanged.

Overall remuneration for employees and directors has been consistent for Q1 2025 vs. Q1 2024. Share based payments expense is higher in Q1 2025, as the outstanding DSUs had to be revalued to a higher share price of the Company. The change in the fair value of marketable securities is attributable to changes in the quoted market prices of the investments up to their date of disposal or to period end if continued to be held. At March 31, 2025 the market value of the investments of the Company has depreciated while as March 31, 2024 there was an appreciation of the market value of the investments of the Company.

(expressed in United States dollars)

As at March 31, 2025 the Company has mineral property interests which are comprised of the following:

	New Polaris (Note 7(a)(i))	Windfall Hills (Note 7(a)(ii))	Fondaway Canyon (Notes 7(b)(i))	Corral Canyon (Note 7(b)(ii))	Total
Acquisition Costs:					
Balance, December 31, 2024	$ 3,921	$ -	$ -	$ -	$ 3,921
Acquisition	11	-	-	-	11
Foreign currency translation adjustment	-	-	-	-	-
Balance, March 31, 2025	3,932	-	-	-	$ 3,932
Deferred Exploration Expenditures:					
Balance, December 31, 2024	27,379	-	-	-	27,379
Additions:					
Exploration:					
Assays and sampling	1	-	-	-	1
Community and social	49	-	-	-	49
Drilling	48	-	-	-	48
Environmental	574	-	-	-	574
Feasibility	59	-	-	-	59
General, administrative, sundry	2	-	-	-	2
Rental and storage	7	-	-	-	7
Royalties	7	-	-	-	7
Salaries	99	-	-	-	99
Transportation	11	-	-	-	11
Foreign currency translation adjustment	25	-	-	-	25
Balance March 31, 2025	28,261	-	-	-	28,261
Mineral property interest:					
Balance, March 31, 2025	$ 32,193	$ -	$ -	$ -	$ 32,193

Details of the exploration programs and status of the New Polaris projects are provided in section 1.2.1 of this MD&A. In Q1 2025, the Company incurred $868,000 in costs on advancing New Polaris, with most of the spending being attributable to environmental studies ($574,000),). The note references in the table above pertain to the Q1 2025 Unaudited Condensed Consolidated Financial Statements of the Company.

Cash flow for the three months ended March 31, 2025

During Q1 2025, the Company had an overall increase of cash of $1.3 million (Q1 2024 - increase of $2.1 million). Operating activities consumed cash of $33,000 (Q1 2024 – $206,000). Financing activities generated $2.2 million in Q1 2025 (Q1 2024 - $3 million), while investing activities consumed a net of $844,000 in Q1 2025 (Q1 2024 – $607,000)

The Company generates cash from financing activities from issuance of shares and consumes the cash mainly for investing activities (advancing the New Polaris project), the secondary use of cash being administrative activities.

1.4 Summary of Quarterly Results

The following table provides selected financial information of the Company for each of the last eight quarters ended at the most recently completed quarter, December 31, 2024. All dollar amounts are expressed in thousands of U.S. dollars..

(in $000s except per share amounts)	2025 31-Mar	2024 Dec 31	2024 30-Sep	2024 June 30	2024 Mar 31	2023 Dec 31	2023 Sep 30	2023 June 30
Total revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net (loss) income:								
(i) Total	$ (418)	$ (86)	$ (328)	$ (644)	$ (64)	$ (1,462)	$ (763)	$ (575)
(ii) Basic and diluted per share	$ -	$ -	$ -	$ -	$ -	$ (0.01)	$ (0.01)	$ -
Total assets	$ 34,689	$ 32,745	$ 34,758	$ 35,034	$ 35,308	$ 33,226	$ 34,700	$ 32,036
Total long-term liabilities	$ 1,855	$ 1,775	$ 1,838	$ 1,743	$ 1,751	$ 1,774	$ 1,842	$ 1,647
Dividends per share	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

The Company's main focus for the past years, including the last eight quarters, was advancing the New Polaris project. The Company's accounting policy is to capitalize project related expenses. As such, the net loss of the Company does not include expenditures directly attributable to advancing New Polaris. In general, the overhead expenses of the Company are consistent, with variances across quarters being generally attributable to non-cash items, such as changes in fair market values of the Company's investments, write-off of book values of mineral properties for which there is no planned activities, deferred income tax expense, and share based compensation expense recognized in connection with the stock options and share units issued under the compensation plan.

1.5 Liquidity

The Company has no operating revenues, has incurred a significant net loss of $418,000 during Q1 2025, and has a deficit of $57 million as at March 31, 2025. In addition, the Company has negative cash flows from operations. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings, and the attainment of profitable operations. Management continues to find opportunities to raise the necessary capital to meet its planned business objectives and continues to seek financing opportunities. There can be no assurance that management's plans will be successful. These matters indicate the existence of material uncertainties that cast substantial doubt about the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

The Company is in the exploration stage and has not yet determined whether its mineral property interests contain reserves. The recoverability of amounts capitalized for mineral property interests is entirely dependent upon the existence of reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production. The Company knows of no trends, demands, commitments, events or uncertainties that may result in the Company's liquidity either materially increasing or decreasing at the present time or in the foreseeable future except as disclosed in this MD&A and in its regulatory filings. Material increases or decreases in the Company's liquidity are substantially determined by the success or failure of the Company's exploration and development programs and overall market conditions for smaller mineral exploration companies. In the past, the Company has endeavored to secure mineral property interests that in due course could be brought into production to provide the Company with cash flow which would be used to undertake work programs on other projects. To that end, the Company has expended its funds on mineral property interests that it believes have the potential to achieve cash flow within a reasonable time frame. As a result, the Company has incurred losses during each of its fiscal years since incorporation. This result is typical of smaller exploration companies and will continue unless positive cash flow is achieved.

The following table contains selected financial information of the Company's liquidity:

($000s)	March 31, 2025	December 31, 2024
Cash	$ 2,008	$ 676
Working capital	1,134	151

Ongoing operating expenses continue to reduce the Company's cash resources and working capital, as the Company has no sources of operating revenues.

During Q1 2025, the Company generated $52,000 from disposition of marketable securities (year ended December 31, 2024 - $1.1million; year ended December 31, 2023 - $159,000).

During 2023, the Company generate $1.6 million from the sale of its Foldaway property.

On July 28, 2023, the Company closed a financing consisting of 21,000,000 shares at CAD $0.21 per share for aggregate gross proceeds of CAD $4,410,000.

On March 28, 2024, the Company closed a financing for 15,700,000 flow through common shares at a price of CAD$0.2625 per share for gross proceeds of CAD$4.1 million.

On March 4, 2025, the Company closed a private placement issuing 9,200,000 flow through common shares at a price of CAD$0.35 per share for gross proceeds of CAD$3.2 million

The Company will continue to rely upon equity financing as its principal source of financing its projects.

1.6 Capital Resources

At March 31, 2025, to maintain its interest and/or to fully exercise the options under various property agreements covering its property interests, the Company must incur exploration expenditures on the properties and/or make payments in the form of cash and/or shares to the optionors as follows:

	Cash Payments (CAD$$000)	Cash Payments (US$000)	Annual Payments (US$000)	Number of Shares
New Polaris (Note 7(a)(i)):				
Net profit interest reduction or buydown	$ -	$ -	$ -	150,000
Windfall Hills (Note 7(a)(ii)):				
Buyout provision for net smelter return of 1.5%	1,000	-	-	-
Reduction of net smelter return of 2% to 1%	-	500	-	-
	$ 1,000	$ 500	$ -	150,000

Certain amounts may be reduced in the future as the Company determines which properties to continue to explore and which to abandon.

In January 2022, the Company entered into an office lease arrangement for a term of five years with a commencement date of September 1, 2022. The basic rent per year is CAD$84,700 for years 1 to 2, CAD$87,300 for years 3 to 4, and CAD$89,900 for year 5.

The following schedule provides the contractual obligations related to the basic office lease for its Vancouver, BC office:

	Payments due by Period (CAD$000)				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Basic office lease	$ 213	$ 87	$ 126	$ -	$ -

1.7 Off-Balance Sheet Arrangements

At the discretion of the Board, certain stock option grants provide the option holder the right to receive the number of common shares, valued at the quoted market price at the time of exercise of the stock options that represent the share appreciation since granting the stock options.

(expressed in United States dollars)

1.8 Transactions with Related Parties

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management is disclosed in the table below.

Except as disclosed elsewhere in the unaudited condensed consolidated financial statements, the Company had the following general and administrative costs with related parties during the three-month periods ended March 31, 2025 and 2024:

	Three months ended March 31		Net balance receivable (payable) as at December 31,	
	2025	2024	March 31, 2025	December 31, 2024
Key management compensation:				
Executive salaries and remuneration (1)	$ 195	$ 206	$ (13)	$ (13)
Directors fees	20	22	(20)	(17)
Share-based payments	104	61	-	-
	$ 319	$ 289	$ (33)	$ (30)

(1) Includes key management compensation which is included in employee and director remuneration, mineral property interests, and corporate development.

During the year ended December 31, 2024 the Company received from and provided to Sun Valley corporate and technical related services. The Company incurred $112,000 in expenses from Sun Valley and charged $40,000 to Sun Valley for services and reimbursements. The amounts are outstanding at year end December 31, 2024 and March 31, 2025. During the three-month period ended March 31, 2025, the Company incurred an additional of $5,000 in expenses reimbursable by Sun Valley.

1.9 Proposed Transactions

There are no proposed material asset or business acquisitions or dispositions, other than those in the ordinary course of business and other than those already disclosed in this MD&A, before the board of directors for consideration, and other than those already disclosed in its regulatory and public filings.

1.10 Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements along with the reported amounts of revenues and expenses during the period. Actual results may differ from these estimates and, as such, estimates and judgements and underlying assumptions are reviewed on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas requiring the use of management estimates relate to determining the recoverability of mineral property interests and receivables; valuation of certain marketable securities; accrued site remediation; amount of flow-through obligations; recognition of deferred income tax liability; the variables used in the determination of the fair value of stock options granted and finder's fees warrants issued or modified; and the recoverability of deferred tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

The Company applies judgment in assessing the functional currency of each entity consolidated in the financial statements.

For right of use assets and lease liability, the Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

The Company applies judgment in assessing whether material uncertainties exist that would cast substantial doubt as to whether the Company could continue as a going concern.

Acquisition costs of mineral properties and exploration and development expenditures incurred thereto are capitalized and deferred. The costs related to a property from which there is production will be amortized using the unit-of-production method. Capitalized costs are written down to their estimated recoverable amount if the property is subsequently determined to be uneconomic. The amounts shown for mineral property interests represent costs incurred to date, less recoveries and write-downs, and do not reflect present or future values.

At the end of each reporting period, the Company assesses each of its mineral properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as: the period for which the Company has the right to explore; expected renewals of exploration rights; whether substantive expenditures on further exploration and evaluation of resource properties are budgeted or planned; and results of exploration and evaluation activities on the exploration and evaluation assets. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

1.11 Changes in Accounting Policies including Initial Adoption

New Accounting Pronouncements

The Company did not early adopt any recent pronouncements disclosed in Note 2, of the unaudited condensed consolidated financial statements for the three months ended March 31, 2025.

1.12 Financial Instruments and Other Instruments

IFRS 9 *Financial Instruments*:

The Company has classified its financial instruments under IFRS 9 *Financial Instruments* ("IFRS 9") as follows:

	IFRS 9
Financial Assets	
Cash	Amortized Cost
Marketable securities	FVTPL
Receivables	Amortized cost
Financial Liability	
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost

Management of Financial Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks, including credit risk, liquidity risk, and market risk which includes foreign currency risk, interest rate risk and other price risk. The types of risk exposure and the way in which such exposure is managed are provided as follows.

The fair value hierarchy categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate fair values. The fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 are valued using inputs other than quoted prices for which all significant inputs are based on observable market data. Level 3 valuations are based on inputs that are not based on observable market data.

The fair values of the Company's receivables, accounts payable and accrued liabilities, and bridge loan approximate their carrying values due to the short terms to maturity. Cash and certain marketable securities are measured at fair values using Level 1 inputs. Certain other marketable securities are measured using Level 3 of the fair value hierarchy. The fair value of deferred royalty and lease liabilities approximate their carrying values as they are at estimated market interest rates using Level 2 inputs.

(a) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality Canadian financial institutions.

To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable, which may include amounts receivable from certain related parties, and records an expected credit loss based on its best estimate of potentially uncollectible amounts. Management believes that the credit risk with respect to these financial instruments is remote.

The financial instruments that potentially subject the Company to credit risk comprise investments, cash and cash equivalents and certain amounts receivable, the carrying value of which represents the Company's maximum exposure to credit risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and its ability to raise equity financings. As at March 31, 2025, the Company had a working capital (current assets less current liabilities) of $1.1 million (December 31, 2024 - $151,000). The Company has sufficient funding to meet its short-term liabilities and administrative overhead costs, and to maintain its mineral property interests in 2025. The Company will need additional funding to advance its projects..

(c) Market risk:

The significant market risk exposures to which the Company is exposed are foreign currency risk, interest rate risk and other price risk.

(i) Foreign currency risk:

Certain of the Company's mineral property interests and operations are in Canada. Most of its operating expenses are incurred in Canadian dollars. Fluctuations in the Canadian dollar would affect the Company's consolidated statements comprehensive income (loss) as its functional currency is the Canadian dollar, and fluctuations in the U.S. dollar would impact its cumulative translation adjustment as consolidated financial statements are presented in U.S. dollars.

The Company is exposed to currency risk for its U.S. dollar equivalent of assets and liabilities denominated in currencies other than U.S. dollars as follows:

	31-Mar-25	31-Dec-24
Cash	$ 1,914	$ 589
Marketable securities	68	218
Receivables and prepaids	241	247
Accounts payable and accrued liabilities	(959)	(828)
Lease liability	(137)	(150)
Deferred compensation liability	(513)	(422)
Net financial assets (liabilities)	$ 615	$ (346)

Based upon the above net exposure as at March 31, 2025 and assuming all other variables remain constant, a 10% (December 31, 2024 - 10%) depreciation or appreciation of the U.S. dollar relative to the Canadian dollar could result in a decrease (increase) of approximately $61,500 (December 31, 2024- $35,000) in the cumulative translation adjustment in the Company's shareholders' equity.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) Interest rate risk:

In respect of financial assets, the Company's policy is to invest cash at floating rates of interest in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return. Fluctuations in interest rates impact on the value of cash equivalents. Interest rate risk is not significant to the Company as it has no interest bearing debt.

(iii) Other price risk:

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Company's other price risk includes equity price risk, whereby investments in marketable securities are held for trading financial assets with fluctuations in quoted market prices recorded at FVTPL. There is no separately quoted market value for the Company's investments in the shares of certain investments.

As certain of the Company's marketable securities are carried at market value and are directly affected by fluctuations in value of the underlying securities, the Company considers its financial performance and cash flows could be materially affected by such changes in the future value of the Company's marketable securities. Based upon the net exposure as at March 31, 2025 and assuming all other variables remain constant, a net increase or decrease of 10% in the market prices of the underlying securities would increase or decrease respectively net (loss) income by $7,000 (December 31, 2024 - $22,000).

1.13 <u>Other MD&A Requirements</u>

1.13.1 Other MD&A Requirements

Additional information relating to the Company are as follows:

(a) may be found on SEDAR+ at www.sedarplus.ca;

(b) may be found in the Company's annual information form; and

(c) is also provided in the Company's audited consolidated financial statements for the year ended December 31, 2024, 2023 and 2022.

(expressed in United States dollars)

1.13.2 Outstanding Share Data

The following table presents an updated share data as of May 14, 2025.

Common Shares:	
Common shares outstanding at March 31, 2025	183,695,696
RSUs converted to shares in April 2025	360,645
Common shares outstanding at May 14, 2025	**184,056,341**
Stock Options	
Stock options outstanding at March 31, 2025 and May 14, 2025	**860,000**
Warrants:	
Warrants outstanding at March 31, 2025 and May 14, 2025	**-**
Deferred share units (DSUs):	
DSUs outstanding at March 31, 2025 and May 14, 2025	**2,169,512**
Restricted share units (RSUs):	
RSUs outstanding at March 31, 2025	619,037
RSUs converted to shares in April 2025	(360,645)
RSUs outstanding at May 14, 2025	**258,392**

1.14 Outlook

The Company expects to continue to depend upon equity financings to continue exploration work on and to advance its mineral property interests, and to meet its administrative overhead costs for the 2025 fiscal year and beyond. There are no assurances that capital requirements will be met by this means of financing as inherent risks are attached therein including commodity prices, financial market conditions, and general economic factors. The Company does not expect to realize any operating revenues from its properties in the foreseeable future.

1.15 Risk Factors

Mineral exploration, development and operation involves a number of risks and uncertainties, many of which are beyond the Company's control. These risks and uncertainties include, without limitation, the risks discussed elsewhere in this MD&A and those identified in the Company's Annual Information Form dated March 28, 2025 for the year ended December 31, 2024 and which was filed on SEDAR + on March 28, 2025, and the Company's other disclosure documents as filed in Canada on SEDAR + at www.sedarplus.ca.

1.16 Internal Controls over Financial Reporting

The Company's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting ("ICOFR"). Except as noted below, our ICOFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. Management of the Company recognizes that any controls and procedures, no matter how well conceived and operated, have inherent limitations. As a result, even those systems designed to be effective can only provide reasonable assurance, and not absolute assurance, of achieving the desired control objectives, and management necessarily was required to apply its judgement in evaluating the cost-benefit relationship of possible controls and procedures.

In common with many other smaller companies, the Company has insufficient resources to appropriately review increasingly complex areas of accounting such as those in relation to deferred income tax and share based compensation expenses. To remedy this deficiency in its ICOFR, the Company shall engage the services of an external accounting firm to assist in applying complex areas of accounting as and when needed.

Management performed an assessment of the Company's ICOFR as at March 31, 2025. Based upon the results of that assessment as at March 31, 2025 management concluded that its internal control over financial reporting is effective.

Changes in Internal Controls over Financial Reporting

Except as disclosed above, there have been no changes in our internal control over financial reporting during the three months period ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, our ICOFR.