



**(Formerly Satori Resources Inc.)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the three and six months ended June 30, 2023 and 2022**

## **INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") is dated August 29, 2023 and provides relevant information on the operation and financial condition of Canadian Gold Corp., formerly known as Satori Resources Inc. ("Canadian Gold" or the "Company"), as at and for the six months ended June 30, 2023. The MD&A should be read in conjunction with the Company's financial statements and notes thereto for the six months ended June 30, 2023 and the year ended December 31, 2022, which have been prepared according to International Financial Reporting Standards (IFRS) and can be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

All currency amounts in the MD&A and in the financial statements are expressed in Canadian dollars unless otherwise stated.

Canadian Gold is a junior mining exploration company and a reporting issuer in each of the Provinces of Ontario, British Columbia and Alberta. Its head and principal office is located at Suite 2702, 401 Bay Street, Toronto, Ontario. The common shares of the Company are listed on the TSX Venture Exchange under the symbol "CGC". Canadian Gold's property of merit is the Tartan Lake Gold Mine Project located near Flin Flon, Manitoba ("Tartan Lake" or the "Project"). In the third quarter of 2020, Canadian Gold approved the formation of an Advisory Committee and appointed a key technical person having prior experience at the Project, as its first and lead member. Canadian Gold is also in the process of evaluating new opportunities in the mining sector.

The current mineral resource estimate for the Tartan Lake Project is disclosed in the report titled "Satori Resources Tartan Lake Project Technical Report, Manitoba, Canada April 2017" dated April 5, 2017. The report, issued by Mining Plus Canada Consulting Ltd., is available on SEDAR as well as on the Company's website for reference. Allan Armitage, Ph.D., P. Geol, of GeoVector Management Inc., is the independent qualified person, as defined by National Instrument 43-101 ("NI 43-101") of the Canadian Securities Administrators. Dr. Armitage is a resident of Fredericton, New Brunswick and a Professional Geologist registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

## **INCORPORATION AND BASIS OF PRESENTATION**

Canadian Gold was incorporated on October 24, 2011 under the Business Corporations Act (British Columbia).

## **NATURE OF OPERATIONS**

The Company's activities are currently directed towards exploration and development of a mineral property near Tartan Lake in the Province of Manitoba, Canada. Canadian Gold's principal project is the Tartan Lake Gold Mine Project, a mineral property which hosts a past-producing underground mine.

## **CORPORATE UPDATES**

On April 24, 2023, the Company completed the acquisition of Apollo Exploration Inc. ("Apollo"), a private company wholly owned by Mr. Rob McEwen, in consideration for the issuance of 60,000,000 common shares of the Company. Apollo, now a wholly owned subsidiary of the Company, holds interests in key exploration projects in the vicinity of Canada's largest gold mines and development projects, namely: (i) the Malartic South Project located near the Canadian Malartic Mine in Quebec; (ii) the HEES Project located near Barrick Gold's Hemlo Mine in Ontario; and (iii) and the Hammond Reef North & South Projects located due south of Agnico Eagle's Hammond Reef Gold Project in Ontario. Additionally, provided only that Mr. Rob McEwen holds not less than a 20% interest in the Company (i) the Company shall not sell or otherwise dispose of any interest in a royalty or metals streaming financing offered by a bona fide third party, without first offering same to Mr. Rob McEwen; and (ii) with the exception of a rights offering, Mr. Rob McEwen shall have the right, and not an obligation, to participate in equity financings in order to maintain his pro rata interest in the Company.

Canadian Gold received its Exploration Permit for the Tartan Lake Project, valid for a three-year period (2024) and allowing for 155,000 metres of drilling. Following on the 2021 drilling, the Company completed its spring 2022 drilling campaign, where 2,900 metres had been drilled, and a fall 2022 program where three holes were drilled (981 metres) at the Tartan Lake Project.

## **MINERAL PROPERTIES**

Tartan Lake is owned 100% by the Company and is subject to a 2% net smelter return royalty ("NSR"). The Company has the right to buy-down the NSR at any time for \$1 million per each 1%.

On October 26, 2020, Canadian Gold entered into a property option agreement to earn a 100% interest in the New Delhi Gold Project, an advanced polymetallic gold property located in Ontario's Sudbury Mining Division. Under the terms of this agreement, Canadian Gold had the right to earn a 100% interest in the New Delhi project by making certain payments. On November 22, 2021, the Company gave notice that it was terminating the option agreement.

During the year ended December 31, 2022, the Company incurred a total of \$1,787,036 (year ended December 31, 2021 – \$2,107,323) of deferred exploration expenditures. During the first six months of 2023, an additional \$552,846 of deferred exploration expenditures was incurred.

### **Tartan Lake Gold Mine Project, Flin Flon, Manitoba - 100% Interest**

#### Overview and Project History

The Tartan Lake Gold Mine Project is located 12 kilometres ("km") directly northeast of the town of Flin Flon, Manitoba, Canada. The Project is approximately 2,670 hectares in area and consists of 20 mineral claims. Tartan Lake is road accessible from Flin Flon by means of all-season gravel road which turns north from paved Highway 10 over a total distance of approximately 29 km. The town of Flin Flon has all the services to support mineral exploration and mining and is accessed by highway, railroad, and regularly scheduled air service. Tartan Lake is serviced by grid electricity.

The Tartan Lake Gold Mine Project was operated by Granges from 1987-1989 with approximately 47,000 ounces of gold recovered. The operation consisted of a 450 tonne per day gold processing facility with related infrastructure, a vent raise to surface, and a decline ramp providing access to six Levels accessing the Main and South Zones to a vertical depth of 315 m. In 1989, the process facility ceased operations due to low gold prices and a significant mechanical failure and was placed into care and maintenance, while the ramp and underground workings were allowed to flood. The electricity grid power connection and on-site heating remain operational.

#### Project Geology

The Tartan Lake Gold Mine Project is located within the Flin Flon greenstone belt ("FFGB"). The FFGB belt is a collection of tectonic assemblages that was assembled early in the evolution of the Paleoproterozoic Trans-Hudson Orogen. The portions of the belt exposed on or near surface are approximately 250 easterly by 75 northerly km. The FFGB has undergone four major phases of deformation. These have contributed to the development of the major structures that host the gold mineralization at Tartan Lake. Sub-greenschist facies metamorphism is present in the southern of the property increasing to amphibolite facies to the north near the Kisseynew domain.

The Tartan Lake shear zone complex is a strong east-west trending zone, which contains the Tartan Lake gold deposits. Near the mine, the main shear zone forms the contact between the footwall gabbro/diorite intrusive to the south and the hanging wall Amisk Group rocks to the north. The shear zone is 30 to 50 m wide, steeply dips to the north and trends to the west. Gold mineralization at Tartan Lake Mine is hosting within multiple sub-parallel, anastomosing quartz carbonate mesothermal veins hosted within steeply dipping east-west shear zones with a trend and plunge about 70° to the northwest.

The gold mineralization is dominated by free gold with various associated sulphide minerals. The highest gold grades were associated with pyrite and chalcopyrite. Historically, much of the gold reported to the gravity circuit with the remaining recoverable gold extracted from the gravity tails through flotation/cyanidation.

#### Exploration Expenditures

As at December 31, 2022, the capitalized acquisition and exploration expenditures at Tartan Lake were \$6,247,656 (December 31, 2021- \$4,460,620). Management has assessed the overall market conditions and determined that there have been no fundamental changes to the Tartan Lake Gold Mine Project.

Mineral Resource Estimate

On February 23, 2017, the Company announced a resource estimate for its 100% owned Tartan Lake Gold Mine Project.

The mineral resources were estimated by Mining Plus Canada Consulting Ltd. ("Mining Plus") in accordance with NI 43-101 and as set out in the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves (2014). Allan Armitage, Ph.D., P. Geol, of GeoVector Management Inc., is the independent qualified person, as defined by National Instrument 43-101 ("NI 43-101") of the Canadian Securities Administrators, for the resource estimate. Dr. Armitage is a resident of Fredericton, New Brunswick and a Professional Geologist registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

The mineral resource estimate is summarized in Table 1 at a range of cut-off grades.

**Table 1: 2017 Mineral Resource Statement, Tartan Lake Gold Mine Project**

| Cut-off Grade  | Tonnes           | Grade (g/t Au) | Au Ounces      |
|--|------------------|----------------|----------------|
| <b>Indicated Resources</b>   |                  |                |                |
| 0.0 g/t  | 4,720,000        | 2.42           | 367,000        |
| 2.0 g/t  | 1,820,000        | 4.97           | 290,000        |
| <b>3.0 g/t</b>   | <b>1,180,000</b> | <b>6.32</b>    | <b>240,000</b> |
| 4.0 g/t  | 830,000          | 7.55           | 201,000        |
| <b>Inferred Resources</b>  |                  |                |                |
| 0.0 g/t  | 1,210,000        | 1.92           | 75,000         |
| 2.0 g/t  | 450,000          | 3.74           | 54,000         |
| <b>3.0 g/t</b>   | <b>240,000</b>   | <b>4.89</b>    | <b>38,000</b>  |
| 4.0 g/t  | 140,000          | 5.93           | 27,000         |
| Notes:   |                  |                |                |
| 1. CIM Definitions Standards (2014) were followed for mineral resource estimation.   |                  |                |                |
| 2. The Qualified Person is Allan Armitage, Ph.D., P. Geol, of GeoVector Management Inc.  |                  |                |                |
| 3. All figures are rounded to reflect the relative accuracy of the estimate  |                  |                |                |
| 4. Mineral resources are not mineral reserves and do not have demonstrated economic viability  |                  |                |                |
| 5. The estimate of mineral reserves may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues |                  |                |                |
| 6. Effective date of the mineral resource estimate is February 20, 2017  |                  |                |                |

**RESULTS OF OPERATIONS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

Overview

For the three and six months ended June 30, 2023, Canadian Gold reported a net loss of \$148,330 and \$294,574, respectively (three and six months ended June 30, 2022 - \$196,241 and \$266,347, respectively).

Revenues

Canadian Gold is in the exploration and development stage and has no revenue from mining operations.

Non-Exploration Expense Summary

A summary of the activity for the three and six months ended June 30, 2023 and 2022 is as follows:

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|   | Three Months      |                   | Six Months        |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 2023              | 2022              | 2023              | 2022              |
| Investor relations, advertising and promotion | \$ 53,211         | \$ 113,658        | \$ 66,400         | \$186,873         |
| Management fees                               | 29,500            | 51,000            | 55,000            | 102,000           |
| Directors fees                                | 24,090            | 20,000            | 44,090            | 40,000            |
| Filing and transfer agent fees                | 13,960            | 10,366            | 42,030            | 23,303            |
| Insurance                                     | 9,692             | 9,022             | 18,695            | 18,021            |
| Office and miscellaneous                      | 6,807             | 3,118             | 15,800            | 7,033             |
| Salaries, wages and benefits                  | 8,805             | 9,019             | 15,346            | 16,737            |
| Accretion (note 6)                            | 5,706             | 5,594             | 11,413            | 11,187            |
| Consulting fees                               | 4,624             | 3,788             | 9,124             | 9,586             |
| Travel  | 4,378             | 8,880             | 5,354             | 8,880             |
| Professional fees                             | 4,638             | 12,325            | 4,638             | 12,325            |
| Stock-based compensation (note 8)             | 655               | 74,091            | 3,335             | 74,091            |
| Amortization                                  | 2,257             | ---               | 3,126             | ---               |
| Legal and paralegal                           | (19,991)          | 472               | 225               | 1,328             |
| <b>Total expenses</b>                         | <b>\$ 148,330</b> | <b>\$ 321,333</b> | <b>\$ 294,574</b> | <b>\$ 511,364</b> |

Stock-based compensation is non-cash in nature and is generally a function of number of options granted and their terms.

Management fees decreased in 2023 compared to 2022 due to a reduction in the number in the number of personnel as well as the Company's Executive Chairman no longer receiving fees in 2023.

Legal as well as filing transfer agent fees increased in 2023 compared to 2022 as a result of work related to the Apollo acquisition. While these costs were expensed in the first quarter of 2021, they were reclassified in the second quarter as a cost of acquisition, hence the negative \$19,991 reflected in the statement of operations and comprehensive loss.

Exploration Activities and Expenditures

A summary of exploration activity for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 is as follows:

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| <b>Tartan Lake Property</b>                   |                     |                     |
| Opening balance                               | \$ 6,247,656        | \$ 4,460,620        |
| Exploration                                   | 552,846             | 1,327,995           |
| <b>Total Capitalized Costs, end of period</b> | <b>\$ 6,800,502</b> | <b>\$ 5,788,615</b> |

**LIQUIDITY AND CAPITAL RESOURCES**

As at June 30, 2023, the Company had \$1,674,341 in cash (December 31, 2022 - \$910,075) and working capital of \$1,310,935 (December 31, 2022 - \$674,001).

The Company is a junior resource exploration and development corporation and, accordingly, it does not have the ability to generate sufficient amounts of cash from earnings or asset sales to pay for its operating

costs, even in the short term. The Company budgets exploration, development and administrative expenses prudently and closely monitors monthly expenditures, investments and cash resources.

The activities of the Company, principally the exploration and development of mineral properties, are therefore financed through the sale of equity securities. These equity offerings generally take the form of private placements but may also include the exercise of warrants and options. The Company's ability to raise capital and the timing of such events will depend on the liquidity of the financial markets as well as the willingness of investors to finance resource-based junior companies.

## **LONG TERM OBLIGATIONS**

The Company has no long-term debt obligations other than its Site Restoration Obligation ("SRO"). The Company accounts for obligations associated with the retirement of tangible long-lived assets by recording them as liabilities when those obligations are incurred, with the amount of the liability initially measured at the discounted (present) fair value of the obligation. Since the SRO is initially recorded at present value, an accretion expense is recorded on the statement of operations with a corresponding increase to the liability every quarter until the estimated time at which the obligation will occur. These obligations are capitalized in the accounts of the related long-lived assets and are amortized over the useful lives of the related assets. It is possible that the Company's estimate of its ultimate SRO could change as a result of changes in regulations, the extent of environmental remediation required and the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period these estimates are revised.

Canadian Gold's site restoration provision of \$1,141,401 (December 31, 2022 - \$1,129,988) is based on management's best estimate of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred.

Canadian Gold's asset retirement obligation was determined based on an undiscounted future liability of approximately \$1,248,820 adjusted for estimated inflation of 1.88% and discounted at 2.02%, with reclamation occurring in 2027. During the three and six months ended June 30, 2023, accretion expense of \$5,706 and \$11,413, respectively (three and six months ended June 30, 2022 - \$5,594 and \$11,187, respectively) was recorded.

## **SUMMARY OF QUARTERLY RESULTS**

Following is a summary (in dollars) of selected financial data for the Company's last eight completed quarters:

|                       | <b>Jun. 30<br/>2023</b> | <b>Mar. 31<br/>2023</b> | <b>Dec. 31<br/>2022</b> | <b>Sep. 30<br/>2022</b> | <b>Jun. 30<br/>2022</b> | <b>Mar. 31<br/>2022</b> | <b>Dec. 31<br/>2021</b> | <b>Sep. 30<br/>2021</b> |
|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Net Loss</b>       | 148,330                 | 146,244                 | 146,679                 | 52,879                  | 196,241                 | 70,106                  | 210,967                 | 100,489                 |
| <b>Loss per Share</b> | (0.00)                  | (0.00)                  | (0.00)                  | (0.00)                  | (0.00)                  | (0.00)                  | (0.01)                  | (0.00)                  |

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company's prior exploration activities on its properties and the amount of expenditures required to advance its projects.

See Results of Operations (above) for more information.

## **CAPITAL STOCK INFORMATION**

### Authorized

The Company is authorized to issue an unlimited number of common shares without nominal or par value. The holders of the common shares of the Company are entitled to vote at all shareholder meetings and to receive such dividend as the Board of Directors of the Company in its discretion shall declare.

### Issued and Outstanding

At June 30, 2023, the Company had 159,465,818 shares outstanding (December 31, 2022 – 99,365,818).

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In March 2023, stock options were exercised resulting in the issuance of 100,000 shares for proceeds of \$15,000.

On April 24, 2023, the Company completed the acquisition of Apollo and issued 60,000,000 common shares of the Company.

Incentive Stock Options

On April 22, 2022, the Company granted 825,000 stock options to directors, officers and consultants. The stock options have a life of five years, carry an exercise price of \$0.15, and 525,000 vest immediately. For the remaining 300,000, one-third vests immediately and one-third vests on each of the 6-month and 12-month anniversary of the grant. The value ascribed to this issue was \$89,678 using the Black-Scholes option pricing model under the following weighted average assumptions: share price – \$0.145; risk free rate of return – 2.79%; annualized volatility – 100%; expected life – 5 years; dividend yield – 0%. The Company recognized stock-based compensation expense of \$86,342 during the year ended December 31, 2022 in relation to the vesting of these options. The balance of \$3,335 will be expensed over the balance of the vesting period, with \$2,680 being recognized as stock-based compensation expense in the quarter ended March 31, 2023.

On January 11, 2023, 200,000 options with an exercise price of \$0.125 per share expired unexercised.

On March 29, 2023, 100,000 options with an exercise price of \$0.15 per share were exercised.

**OFF BALANCE SHEET ARRANGEMENTS**

There were no off-balance sheet arrangements as at March 31, 2023.

**CONTRIBUTED SURPLUS**

The following is a summary of changes in contributed surplus from December 31, 2022 to June 30, 2023:

|                                   |                     |
|-----------------------------------|---------------------|
| <b>Balance, December 31, 2022</b> | <b>\$ 6,208,638</b> |
| Vesting of share-based payments   | 3,335               |
| <b>Balance, June 30, 2023</b>     | <b>\$ 6,211,978</b> |

**RELATED PARTY TRANSACTIONS**

***Management compensation***

The Company incurred the following expenditures charged by companies controlled by current directors and officers of the Company:

|                                      | Three Months Ended |            | Six Months Ended  |            |
|--------------------------------------|--------------------|------------|-------------------|------------|
|                                      | June 30,           |            | June 30,          |            |
|                                      | 2023               | 2022       | 2023              | 2022       |
| Stock-based compensation             | \$ ---             | \$ 74,091  | \$ ---            | \$ 74,091  |
| Management fees                      | <b>31,500</b>      | 51,000     | <b>57,000</b>     | 102,000    |
| Director compensation                | <b>24,090</b>      | 20,000     | <b>44,090</b>     | 40,000     |
| Director consulting fee              | ---                | ---        | <b>10,000</b>     | ---        |
| <b>Total management compensation</b> | <b>\$ 55,590</b>   | \$ 145,091 | <b>\$ 111,090</b> | \$ 216,091 |

During the six months ended June 30, 2023, the Company paid \$10,000 to a director for his work as a mining consultant.

As of June 30, 2023, \$44,090 (December 31, 2022 - \$89,486) is owed to directors and is included in accounts payable and accrued liabilities on the statements of financial position.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

In preparing the Company's financial statements, estimates and assumptions are made by management that affect the amounts reported in the financial statements and accompanying notes. Based on historical experience, current conditions, expert advice and the application of accounting policies, management makes assumptions that are believed to be adequate and reasonable under the circumstances. The Company's accounting policies are the same as described in the audited financial statements for the year ended December 31, 2022.

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The Chairman of the Board of Directors of the Company is responsible for establishing and maintaining controls and procedures regarding the communication of information about the Company, as well as internal controls over its financial reporting. The Chairman of the Board of Directors has conducted an evaluation of the controls and procedures regarding communication of information and has concluded these controls and procedures were effective for the year ended December 31, 2022. The Chairman of the Board of Directors is responsible for designing internal controls over financial reporting or for causing it to be designed under his supervision. During the year ended December 31, 2022, all existing systems have been documented and inadequacies have been corrected, as necessary. The Chairman of the Board of Directors has evaluated whether there were changes to internal control over financial reporting during the three months ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. No such changes were identified through this evaluation.

## **OUTLOOK**

The Company continues to investigate financing and re-commissioning activities in respect of the Tartan Lake Gold Mine project, and other properties, that are conducive to market conditions, which includes but is not limited to discussions with geological services companies as it relates to exploring and updating or assessing project economics. Given the price of gold during the first six months ended June 30, 2023, and results from exploration activities, the Company may have improved opportunities to fund and advance activities at the Tartan lake Gold Mine project, either directly or indirectly through funding partners. Notwithstanding that, Canadian Gold continues to actively review other opportunities and potential corporate transactions, particularly given the changing market conditions and the Company's share structure.

## **RISKS AND UNCERTAINTIES**

The exploration and development of mineral deposits involves significant risks over an extended period of time and even a combination of careful evaluation, experience and knowledge may not be able to mitigate the risks. Few properties which are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be primarily related to its ability to finance its working capital and operations which in part will be related to the cost and success of its exploration programs. Additionally, there are a number of factors beyond the Company's control, including but not limited to the availability of skilled personnel, qualified vendors, construction and production targets and timelines, anticipated timing of grant of permits and governmental incentives, favourable commodities markets, contractual commitments, litigation matters, the ability to mitigate financial and operational risks, the ability to access capital markets and the availability of critical equipment.

Substantial expenditures are required to establish reserves through drilling in order to determine the technical and economic feasibility of mining and extracting resources, and, if warranted, to develop the mining and processing facilities and infrastructure at any chosen site. Although substantial benefits may be derived from the discovery and mining of a mineralized deposit, it is impossible to ensure that the current mineral resources can be converted to mineral reserves or that the mineral properties in which the Company has an interest will result in profitable mining operations. Furthermore, there can be no assurance that the Company's estimates of future exploration and development expenditures will prove accurate and actual expenditures may be significantly higher than currently anticipated. Canadian Gold cannot provide any assurance that its proposed development plan will result in any commercial mining operation. Determining if a deposit will be commercially viable depends on a number of factors, including the attributes of the



deposit, such as its size and grade, costs and efficiency of the recovery methods that can be employed, proximity to infrastructure, land use and environmental protection. The effect of these factors cannot be accurately predicted, and the combination of these factors may result in the Company receiving an inadequate return on its invested capital, if any.

As stated above, the exploration and development of mineral projects always involves significant risks over an extended period of time even when a combination of careful evaluation, experience and knowledge is evident. There is no assurance that an exploration project can be profitable or successful. The long-term viability of the Company's operations will be in part correlated to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control, including but not limited to commodity prices, the availability of skilled personnel, qualified vendors and critical equipment.

Over the past year, businesses have generally witnessed ongoing supply chain issues and difficulties in attracting labour talent. While neither have affected Canadian Gold to date, there can be no assurance that operations would not be negatively impacted.

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining and production, exports and taxes, labour standards, occupational health and mine safety and waste disposal, toxic substances, land use and environmental protection. To comply with such laws and regulations, Canadian Gold may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. The rise in forest fire activity in the Province of Manitoba represents a current example. In addition, if Canadian Gold's activities violate any such laws and regulations, Canadian Gold may be required to compensate those suffering loss or damage and may be fined if convicted of an offence under such legislation. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of Canadian Gold's proposed activities and delays in the exploration of properties.

Although variable, depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially toxic substances and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations, Canadian Gold may be required to allocate financial resources to land reclamation that might otherwise be spent on further exploration or development programs.

Canadian Gold cannot provide any assurances that title to its properties will not be challenged. Such property is owned, leased or held under option as unpatented and patented mining claims, mineral claims or concessions. The ownership and validity, or title, of unpatented mining claims and concessions are often uncertain and may be contested. Canadian Gold may not be able to obtain all necessary surface rights to develop a property. The failure to acquire any or all of such rights may prevent exploration and development, even if such exploration or development would be warranted by exploration results achieved. A successful claim contesting Canadian Gold's title to a property will cause Canadian Gold to lose its rights to explore and, if warranted, develop that property. This could result in Canadian Gold not being compensated for prior expenditures relating to the property.

Canadian Gold has limited financial resources. As at June 30, 2023, Canadian Gold has a working capital of \$1,312,044. Canadian Gold does not generate operating revenue and must finance its exploration activity by other means, including financing through joint ventures, debt financing and equity financing. Canadian Gold cannot provide any assurance that funding will be available for exploration or development or to fulfill anticipated obligations under the existing property agreements with respect to its property. If Canadian Gold fails to obtain necessary financing, it may have to delay or cancel exploration and / or development, or alternatively, consider transactions with third parties.

Access to capital is typically a challenge facing resource-based junior companies. Over the past number of years very few equity financings were being completed for higher-risk resource-based junior companies. However, given the increase in the price of gold, there may be a corresponding positive effect for Companies such as Canadian Gold with brown-fields gold assets, if the price of gold continues to rise.

This recent relative strength of metal prices has encouraged increases in mining exploration, development and construction activities around the world, however, it may result in increased demand for, and the cost of, exploration, development and construction services and equipment. While the market conditions mentioned above have had a moderating effect on the costs of such services and equipment, increases in such costs may continue with sustained or increasing metal price levels or an improvement in global market conditions. Increased demand for services and equipment could result in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability and may cause scheduling difficulties due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development and/or construction costs.

Canadian Gold will compete with other exploration and development companies, many of which have greater financial resources than Canadian Gold or are at more advanced stages of development, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If Canadian Gold requires and is unsuccessful in acquiring additional mineral properties or personnel, Canadian Gold may not be able to grow at the rate desired or at all.

If commercial production is possible, Canadian Gold will require additional funds to place an ore body into production. Substantial expenditures will be required to establish ore reserves through drilling, develop metallurgical processes to extract the metals from the ore and rehabilitate the mining and processing facilities at Tartan Lake. The sources of external financing that Canadian Gold may use for these purposes include public or private offerings of debt, convertible notes and equity. In addition, Canadian Gold may enter into one or more strategic alliances and may utilize one or a combination of all these alternatives. Canadian Gold cannot provide any assurance that the financing alternative chosen will be available on acceptable terms, or at all. If additional financing is not available, Canadian Gold may have to postpone the development of, or sell, certain of its properties.

Lastly, during the Covid-19 environment, the Manitoba government historically imposed travel restrictions and self-isolating and work-from-home parameters on persons both in and entering the province. While mobility during late 2021 improved, and to date has not necessarily had a material adverse affect on operations, it created somewhat of a slow-down in the Company's ability to transact business and may at some point in the future have a negative adverse effect on the Company's opportunity, if any, to carry out field work. It is not possible to reliably estimate the length and severity of this Covid-19 environment and its impact on the ability of the Company to carry out operations.

### **Forward Looking Statement**

All statements other than those of a historical nature are "forward-looking statements" that may involve a number of unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

This document contains forward-looking information that is based on expectations, assumptions and estimates as of the date of this document. The Company's forward-looking information is information that is subject to known and unknown risks and other factors that may cause future actions, conditions or events to differ materially from the anticipated actions, conditions or events expressed or implied by such forward looking information. Forward-looking information is information that does not relate strictly to historical or current facts, and can be identified by the use of the future tense or other forward-looking words such as "believe", "expect", "anticipate", "intend", "plan", "estimate", "should", "may", "could", "would", "target", "objective", "projection", "forecast", "continue", "strategy", or the negative of those terms or other variations of them or comparable terminology.

Forward-looking statements include among others: any future development of the Tartan Lake Gold Mine deposit, the timing and completion of the drilling and other exploration activities, delineation of a mineral resource and the conversion of minerals resources to mineral reserves.

In formulating the forward-looking information above, the Company has made assumptions regarding general financial market conditions and the availability of financing.

While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company does not have an intention to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents management's views as of the date of this document and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. The Company has attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. See also "Risks and Uncertainties".

#### **Additional Information**

Additional information about Canadian Gold Resources Inc. may be obtained from the Company's website at [www.CanadianGoldResources.ca](http://www.CanadianGoldResources.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Management's Responsibility**

Management is responsible for all information contained in this annual MD&A and the accompanying Financial Statements. The Financial Statements for the period ended June 30, 2023 have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the unaudited condensed interim financial statements for the period ended June 30, 2023 in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate, and assets are safeguarded.

#### **Approval**

The Board of Directors has approved the financial statements on the recommendation of the Audit Committee.