

Canadian North Resources Inc.

(TSXV:CNRI | FSE:E00)

Advanced-Stage Canadian PGM & Base Metal Resource Ready for the North American Clean Tech Industry

COMPANY DESCRIPTION:

Canadian North Resources Inc. ("CNRI" or "the Company") is a Canadian-based mineral exploration and development company that explores for minerals in Nunavut, Canada. The Company has acquired a 100% interest in the Ferguson Lake Project, which comprises an area of 253.8 km² (over 62,715 acres). The project hosts a recently updated NI 43-101 mineral resource containing: an Indicated Mineral Resource of 455 million pounds (Mlb) copper (Cu) at 0.85%, 321 Mlb nickel (Ni) at 0.60%, 37.5 Mlb cobalt (Co) at 0.07%, 1.08 million ounces (Moz) palladium (Pd) at 1.38 grams per tonne (g/t), and 0.18 Moz platinum (Pt) at 0.23 g/t; and an Inferred Mineral Resource containing 947 Mlb Cu at 0.91%, 551.5 Mlb Ni at 0.53%, 62.4 Mlb Co at 0.06%, 2.12 Moz Pd at 1.4 g/t, and 0.38 Moz Pt at 0.25 g/t.

INVESTMENT THESIS AND UPCOMING CATALYSTS:

- **District-scale Exploration Opportunity:** The Ferguson Lake Project is 253.8 km² (over 62,715 acres) and rich in Platinum Group Metals (PGMs) and Base Metals.
- **Recently Updated NI 43-101 Resource to Build Upon:** The West Zone is open along strike & at depth, and there are seven other drill-ready mineralized zones along the 15km strike length.
- **Existing Infrastructure & Historical Activity Lowers Start-up Expenses:** Approximately \$140 million in exploration & metallurgical tests have been spent on the project since its discovery, which includes a 55-person field camp, an airstrip, and various geochemical, geophysical, & metallurgical work.
- **Strong Management Team:** CNRI has an experienced team of professionals with a history of successful exploration and an engaged Board of Directors to advance the Ferguson Lake Project.
- **Fully Funded for the Short Term:** As of March 31, 2022, CNRI had \$17.5 million in cash on its Balance Sheet.

FINANCIAL ANALYSIS & VALUATION:

- We are basing our one-year target price on 5% of the value of an adjusted resource using CNRI's updated NI 43-101 resource for the Ferguson Lake Project released on June 13, 2022 and 2025 commodity prices.
- Our adjusted resource for the valuation is based on the following formula: 75% of the Measured & Indicated (M&I) and 50% of the Inferred resource.
- **We are Initiating Coverage with a Speculative Buy rating and one-year price target of \$5.00.**

REVISIONS	Rev.	Prior
Rating	Spec. Buy	-
Target Price	\$5.00	-
Revenue F2022E (M)	\$0.0	-
Revenue F2023E (M)	\$0.0	-

MARKET DATA

Date:	Jul 25, 2022
Current Price (C\$):	\$2.45
52-Week Range:	\$1.65 / \$3.40
Shares O/S (M):	102.0
Mkt Cap (\$M):	\$250.0
EV (\$M):	\$221.3
Avg. Weekly Vol. (M)	0.05

Website: cnresources.com

FINANCIALS

Fiscal Year End:	FYE (December 31)	
	F2021A	F2022E
Revenue (\$M)	\$0.0	\$0.0
	2021A	2022-Q1A
Cash (\$M)	\$19.0	\$17.5
Current Assets (\$M)	\$19.1	\$17.8
Net Cash (\$M)	\$0.0	\$0.0
Total Assets (\$M)	\$25.3	\$25.0
Debt (\$M)	\$0.0	\$0.0
Total Liabilities (\$M)	\$2.3	\$2.3
Key Shareholders	(M)	% Held
Kre Developments	42.7	41.9%
1560240 Ontario Ltd.	15.0	14.7%
Lee Q. Shim Fam. Trust	12.8	12.5%

Source: Company Reports, S&P Capital IQ

Chris Thompson, CFA, MBA, P.Eng.
Director of Equity Research

All figures in CAD unless otherwise stated.

eResearch Corporation

100 University Avenue, 5th Floor • Toronto, Ontario • M5J 1V6
www.eresearch.com

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1.0 Investment Thesis – Why Invest in CNRI

- **District-scale Project that is Rich in PGMs and Base Metals**
 - **CNRI's** flagship Ferguson Lake Project is a district-scale project with the Company's 100% ownership of 253.8 km² (over 62,715 acres).
 - The Company's main project contains both PGMs, including palladium, platinum, and rhodium, and Base Metals, including copper, nickel, and cobalt. These metals are broadly used in the clean energy and high-tech sectors globally.
 - The project hosts a recently updated NI 43-101 mineral resource containing:
 - Indicated Mineral Resource: 455 Mlb Cu at 0.85%, 321 Mlb Ni at 0.60%, 37.5 Mlb Co at 0.07%, 1.08 Moz Pd at 1.38 g/t, and 0.18 Moz Pt at 0.23 g/t.
 - Inferred Mineral Resource: 947 Mlb Cu at 0.91%, 551.5 Mlb Ni at 0.53%, 62.4 Mlb Co at 0.06%, 2.12 Moz Pd at 1.4 g/t, and 0.38 Moz Pt at 0.25 g/t.
- **High Growth and Value Creation Opportunity**
 - The project is considered to have high growth potential for PGMs and Cu-Ni-Co resources.
 - The existing West Zone ore body is open along strike and at depth ([Figure 12](#)).
 - Only three zones were incorporated into the Updated NI 43-101 resource; seven mineralized zones can be drilled for additional resources.
 - There is the potential for new discoveries from existing surface sampling and recently acquired regional prospects.
- **Solid Existing Infrastructure and Historical Activity Lowers Start-up Expenses**
 - **CNRI** and prior owners have spent approximately \$140 million in exploration and metallurgical tests on the Ferguson Lake Project since its discovery in the 1950s, which includes: 158,528m of drilling, a 55-person field camp, an airstrip, various geochemical and geophysical surveys, and metallurgical work.
- **Strong Management Team**
 - **CNRI** has an experienced team of professionals with a history of successful exploration and an engaged Board of Directors to advance the Ferguson Lake Project.
 - Please see "[Appendix B: Management, Board of Directors, and Advisor Biographies](#)" for more information.
- **Fully Funded for the Short Term**
 - As of March 31, 2022, **CNRI** had \$17.5 million in cash on its Balance Sheet.
 - In addition, the Company has strong shareholder support and has illustrated its ability to raise funds from the capital markets when required.
- **Upcoming Catalysts**
 - Moving the project to the Pre-Feasibility Stage.
 - Results from the current diamond drilling exploration program.
 - Additional metallurgical tests with current and alternative processing technologies.

2.0 Company Overview

CNRI is a Canadian-based mineral exploration and development company that explores for minerals in Nunavut, Canada.

The Company has acquired 100% interest in the Ferguson Lake Project, which comprises an area of 253.8 km² (over 62,715 acres).



The project hosts a recently updated NI 43-101 mineral resource containing:

- Indicated Mineral Resource:
 - 455 Mlb Cu at 0.85%, 321 Mlb Ni at 0.60%, 37.5 Mlb Co at 0.07%, 1.08 Moz Pd at 1.38 g/t, and 0.18 Moz Pt at 0.23 g/t.
- Inferred Mineral Resource:
 - 947 Mlb Cu at 0.91%, 551.5 Mlb Ni at 0.53%, 62.4 Mlb Co at 0.06%, 2.12 Moz Pd at 1.4 g/t, and 0.38 Moz Pt at 0.25 g/t.

Incorporated in 2013, **CNRI** was previously called **Canadian North Resources and Development Corp.** and changed its name to **Canadian North Resources Inc.** in November 2020.

CNRI is a registered extra-territorial company with the Nunavut government and holds a prospecting license, which is in good standing with Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC).

The Company's head office and registered office are located at 299 Courtneypark Drive East, Mississauga, Ontario, Canada L5T 2T6.

2.1 Company Focus

CNRI's primary focus is the Ferguson Lake Project, which it acquired in 2013 when **Starfield Resources Inc. (Starfield)** underwent restructuring. **Starfield** acquired the nickel-copper-cobalt-platinum-palladium magmatic massive sulphide project in 1999 and released an updated Preliminary Economic Assessment (PEA) of the property in 2011.

The area that is primarily being explored is located on Inuit Owned Land (IOL) surface rights under the Nunavut Land Claim Agreement. The property is primarily accessed by air from the Rankin Inlet hamlet or the City of Yellowknife; both have scheduled commercial airline services available.

The Company is also working towards identifying and acquiring new property interests, assessing their capabilities, and starting exploration activities.

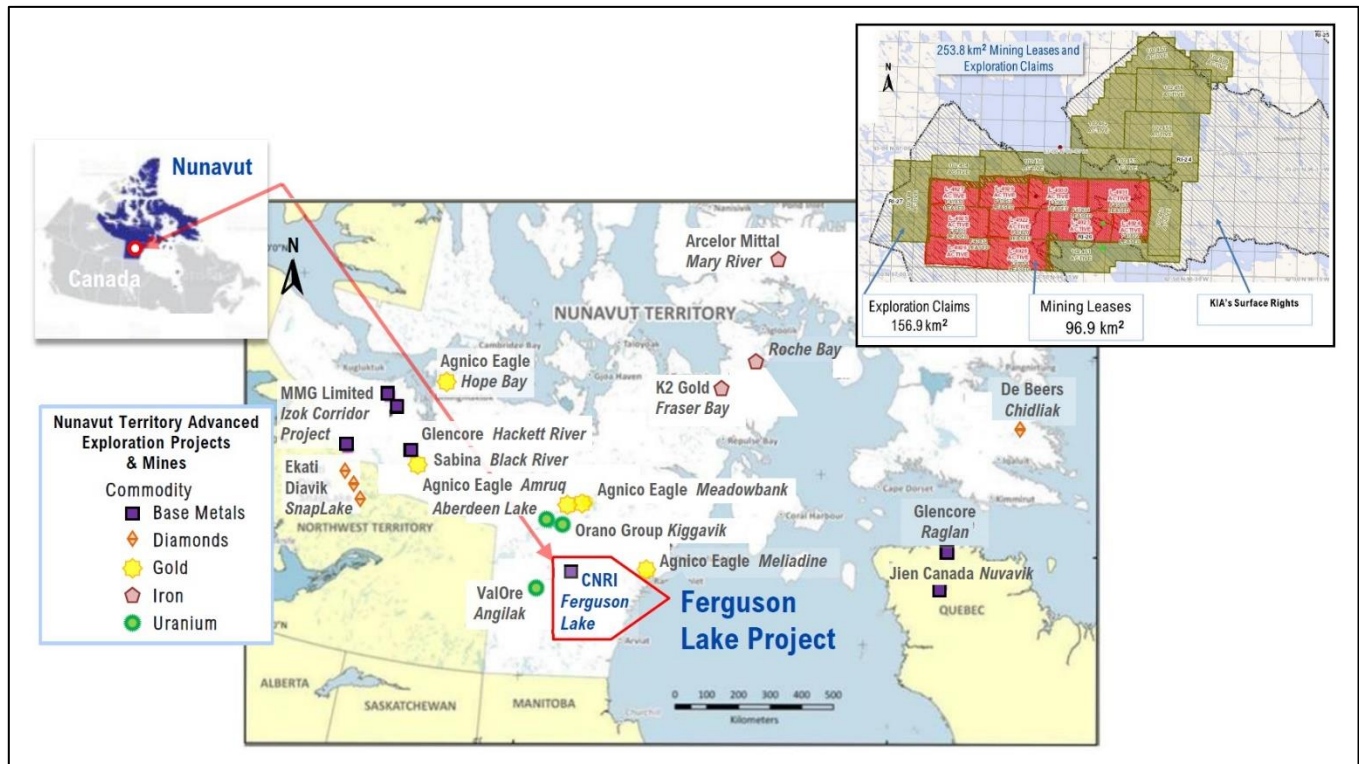
2.2 The Ferguson Lake Property

The Ferguson Lake Property is situated in the Kivalliq region of southern Nunavut Territory, approximately 170 km south-southwest of Baker Lake and 250 km west of Rankin Inlet. It is midway between Yathkyed Lake and Qamanirjuaq Lake.

In 2009, **Starfield**, the previous project owner, entered into the Nunavut Land Claim Agreement with the Kivalliq Inuit Association (KIA) for the negotiated commercial lease aimed at getting access to the

property, as well as ensuring the protection of the environment, maintaining historical artifacts and socio-economic relationships with the local community.

Figure 1: Location of Ferguson Lake Property in the Kivalliq Region of Nunavut



Source: Technical Report, Ferguson Lake Property, CNRI (July 18, 2021)

The Ferguson Lake Property originally consisted of 10 contiguous mining leases comprising an area of 96.9 km² (23,935 acres). The property included a 15-km-long sulphide mineralization belt consisting of 10 zones. The project area is approximately 15 km in an east-west direction and 6 km in a north-south direction.

In June 2022, **CNRI** announced that it staked an additional 851 claim units totalling 156.9 km² (over 38,770 acres) surrounding the existing 10 mining leases (96.9 km²), bringing the total land package to 253.8 km² (over 62,715 acres). See the insert in [Figure 1](#), and Figures [35](#) and [36](#).

The Ferguson Lake Project has undergone a series of resource estimations, which cumulated in 2011 with the completion of a PEA of the property. However, the 2011 PEA used an historical NI 43-101 resource, which has been replaced by the NI 43-101 Resource Update that was announced in a news release on June 13, 2022 (see [Section 5.1](#)).

The focus of the 2011 PEA was only a 2-year open-pit mine and a 19-year underground mine but the current plan is to focus on a significantly larger initial open-pit mine. With the change in focus and pricing data that is over 10 years old, the economics in the PEA would need to be revised with a Pre-feasibility or Feasibility Study.

This mineral resource estimate mostly incorporated the West Zone, which represents approximately 6 km of the 15-km-long mineralized belt.

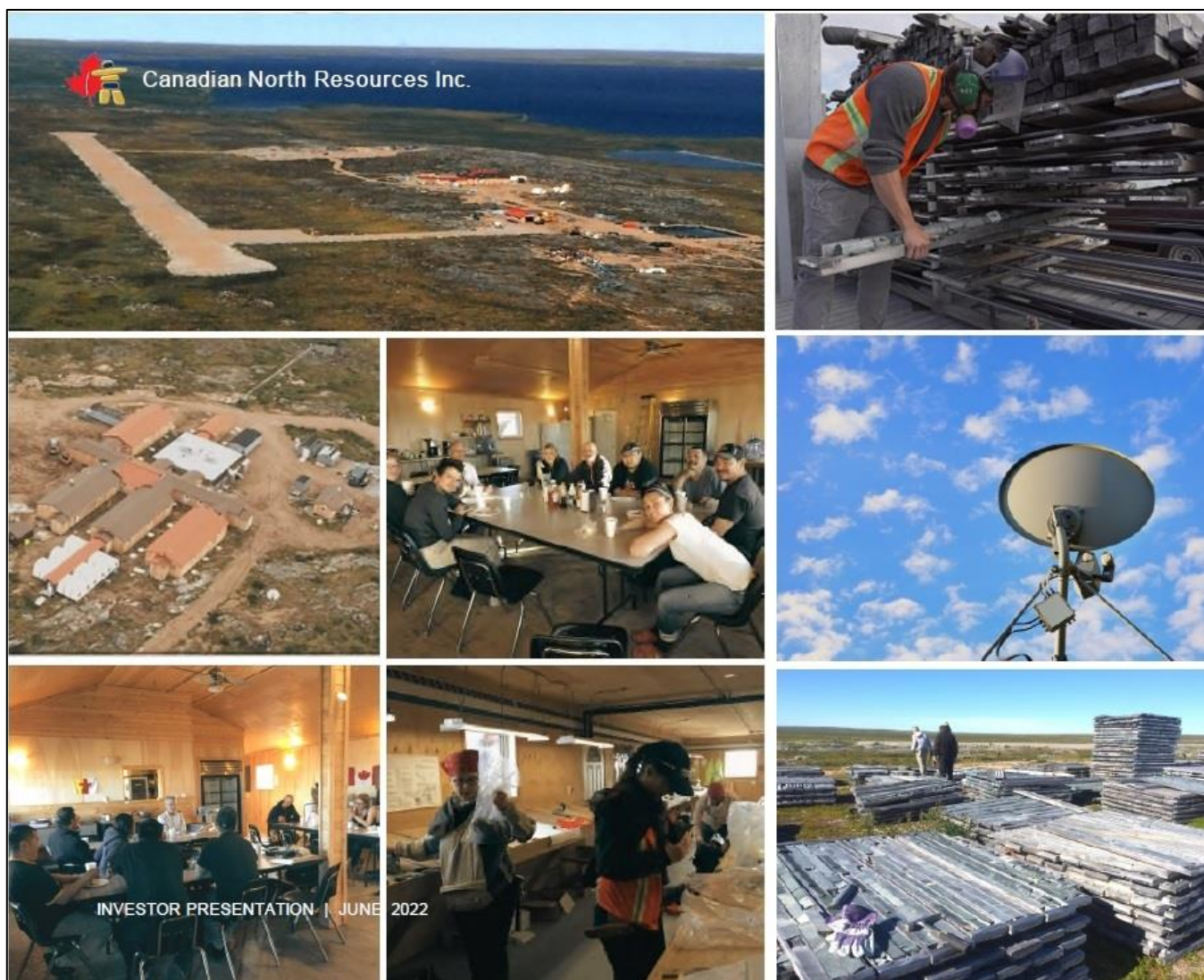
The high-grade Open Pit in the Indicated Mineral Resource category was 22.4 million tonnes (Mt) at 0.84% Cu, 0.60% Ni, 0.07% Co, 1.37 g/t Pd, and 0.23 g/t Pt.

The overall total NI 43-101 Mineral Resource estimate, including both Open Pit and Underground resources, was:

- Indicated Mineral Resource:
 - 455 Mlb Cu at 0.85%, 321 Mlb Ni at 0.60%, 37.5 Mlb Co at 0.07%, 1.08 Moz Pd at 1.38 g/t, and 0.18 Moz Pt at 0.23 g/t.
- Inferred Mineral Resource:
 - 947 Mlb Cu at 0.91%, 551.5 Mlb Ni at 0.53%, 62.4 Mlb Co at 0.06%, 2.12 Moz Pd at 1.4 g/t, and 0.38 Moz Pt at 0.25 g/t.

See [Figure 11](#) for the detailed Mineral Resource Estimate.

Figure 2: Company Infrastructure



Source: Company Presentation (June 2022); Company Website

2.3 Benefits of this Location

CNRI has an existing camp at the project. The camp consists of:

- All-year 825 x 30 metre gravel airstrip, 55-person field camp, and satellite network;
- Equipment garages, workshops, parts, storage, and core storage;
- Office, work areas, dining, and common areas;
- Equipment including Caterpillar dozer, grader, skid-steer, front loaders, excavator, articulating and haul trucks, portable slag ball rock crusher;
- Vehicles include snowmobiles, pick-up trucks, and Bombardier snow cat.

This year, the camp was re-opened for repair and maintenance, which has not been fully operational since 2012. A team, including technicians, mechanics, engineers and other professionals, repaired the airstrip and the buildings, resupplied the camp, repaired equipment and vehicles on site, completed maintenance and repairs on all the heavy equipment and vehicles, installed satellite phone and internet communication systems, and repaired the water supply system and the drainages.

2.4 Geology and Mineralized Zones

According to CNRI's geological summary of the property in the NI 43-101 released on July 18, 2021 (Source: Ferguson Lake – NI 43-101 Report, Section 1.3, pages 8-9), see [Figure 3](#):

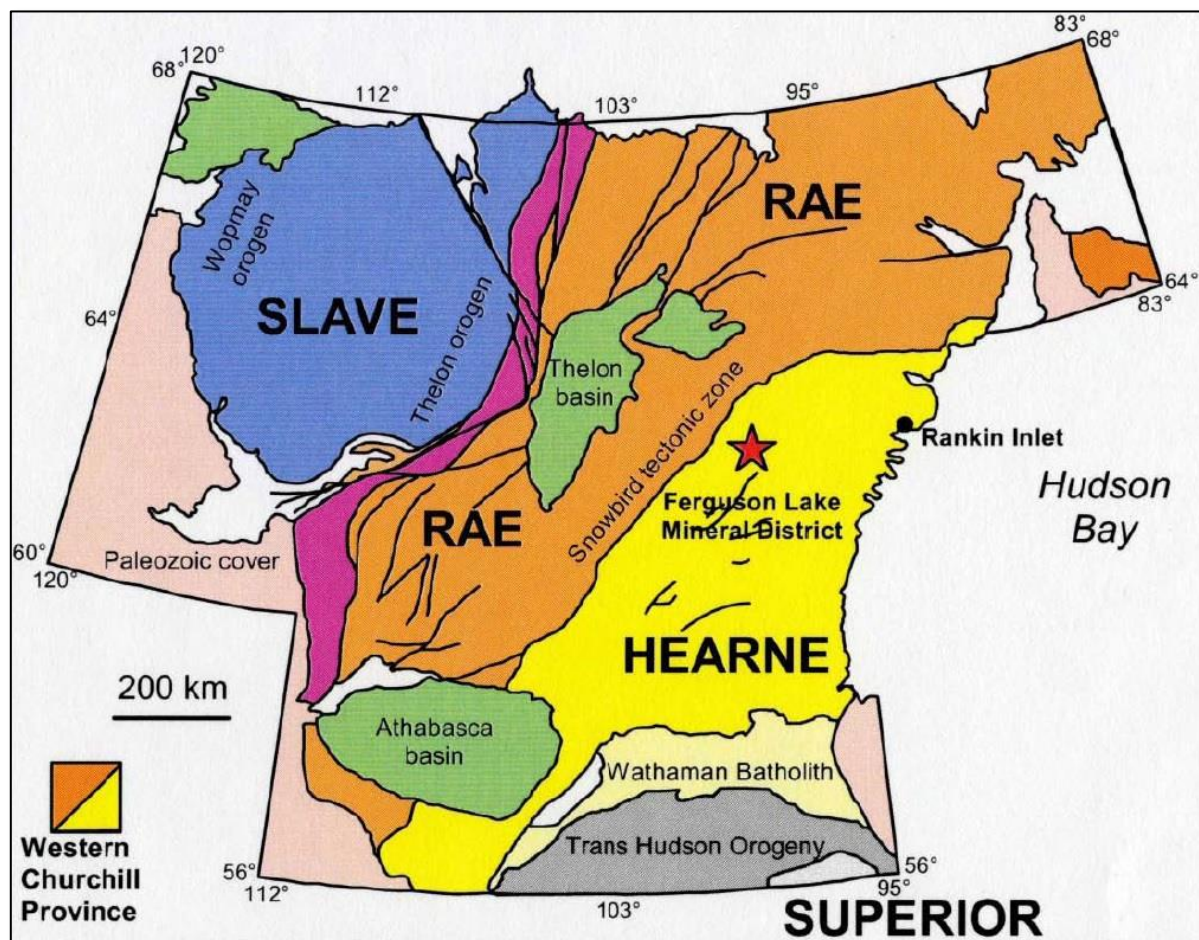
- *"The Ferguson Lake Property lies within the western Churchill Province, an Archean craton, that has been divided by previous workers into the lithologically distinct Rae and Hearne domains by the northeast trending Snowbird Tectonic Zone."*
- *"More precisely the Ferguson Lake Project is located within the north-western part of the Hearne domain which is principally made up of Archean metavolcanic and metasedimentary rocks and an aerially extensive gneissic terrane derived from both Archean supracrustal and plutonic rocks that have been intruded by early Proterozoic plutonic rocks."*
- *"Locally, the Ferguson Lake area overlies the most northerly extension of the northeast-trending Yathkyed greenstone belt (Martel and Sandeman, 2004), which consists of strongly deformed, Archean gneissic supracrustal and intrusive rocks that have been raised to upper amphibolite facies and variably deformed Proterozoic plutons and dykes."*
- *"The widespread Archean gneissic rocks are intruded by Archean granodiorites, quartz monzonites, **and a variety of mafic intrusions including diorite and gabbro**. Early Proterozoic gabbro and slightly younger diabase dykes cut all older rocks, as do late Proterozoic syenites and lamprophyres."*

The main gabbro (or hornblendite) unit is host to all known sulphide zones and includes the East, Central, West, and West Extension zones.

The East, Central, and West zones are spatially related to the same gabbro unit. The other gabbro units, hosting the other mineral zones, dip moderately to steeply north and are generally conformable with enclosing hornblende-rich gneisses.

The sulphide zones mainly occur in the upper, structural hanging wall portion of north-dipping gabbro units. To some degree, they also occur as remobilized lenses in hanging wall and footwall gneisses. The sulphide-rich zones are up to 25m wide and several hundred metres long, marked on the surface by prominent gossans.

Figure 3: Ferguson Lake – Regional Geologic Setting



Source: Ferguson Lake Project – NI 43-101 Updated Mineral Resource Estimate (June 13, 2022) from Hanmer, et al., 2004.

Better grades of base and precious metals mineralization are present within massive to semi-massive sulphide lenses, pods, and stringers, which consist of between 80% and 90% pyrrhotite and lesser chalcopyrite, some pyrite, and very fine-grained pentlandite.

According to **CNRI**, the project hosts a “typical” magmatic massive sulphide zone that is over 15 km long and contains base metals and PGMs, mostly Ni, Cu, Co, Pd, and Pt. The Company also believes that the Ferguson Lake mineralization is comparable with that of the Norilsk mining area in Russia.

The project mineralization mainly includes two styles:

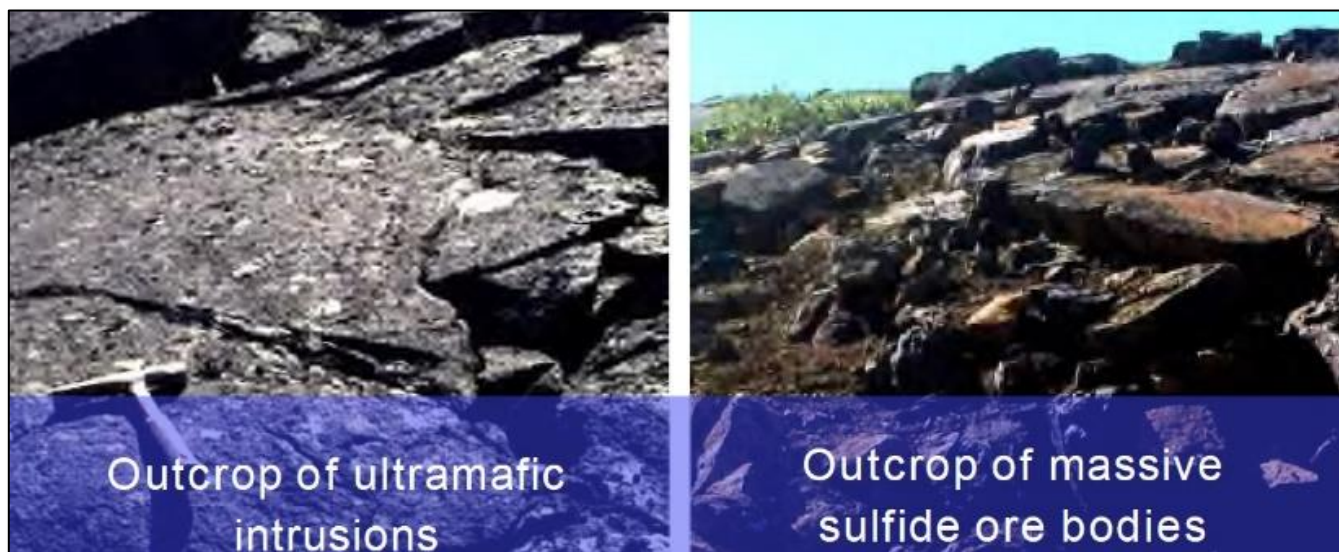
1. Massive sulphide:
 - Contains base metals (nickel, copper, and cobalt) and PGMs (palladium and platinum).
 - Varies from a metre to tens of metres thick.
 - E.g., 45.9-metre core length at 1.34% Cu, 0.76% Ni, 1.99 g/t Pd, and 0.32g/t Pt.
2. Low-sulphide, high-grade PGMs:
 - Contains low base metals but high-grade PGMs.
 - Low-sulphide containing mineralization up to 103 g/t Pd, 43.3 g/t Pt, and 2.58 g/t rhodium.
 - The mineralization was intersected from the surface to a depth of over 1,200 metres and remains open laterally and down dip.

However, the NI 43-101 resource is only based on the recovery of nickel, copper, cobalt, palladium, and platinum from the West Main, West Extension Zone, and the East II zones within three of the ten sulphide-bearing zones identified along the 15-km-long main mineralized horizon and additional prospective horizons within the project area.

The 15-km-long project mineralization has been traced by deep ground electromagnetic surveys, intermittent exposures and diamond drilling, west and east of Ferguson Lake, and is approximately 5m to 80m thick (see Figures 4, 5, 6 and 7) and exhibits a fair degree of continuity and predictability over the east-west strike length.

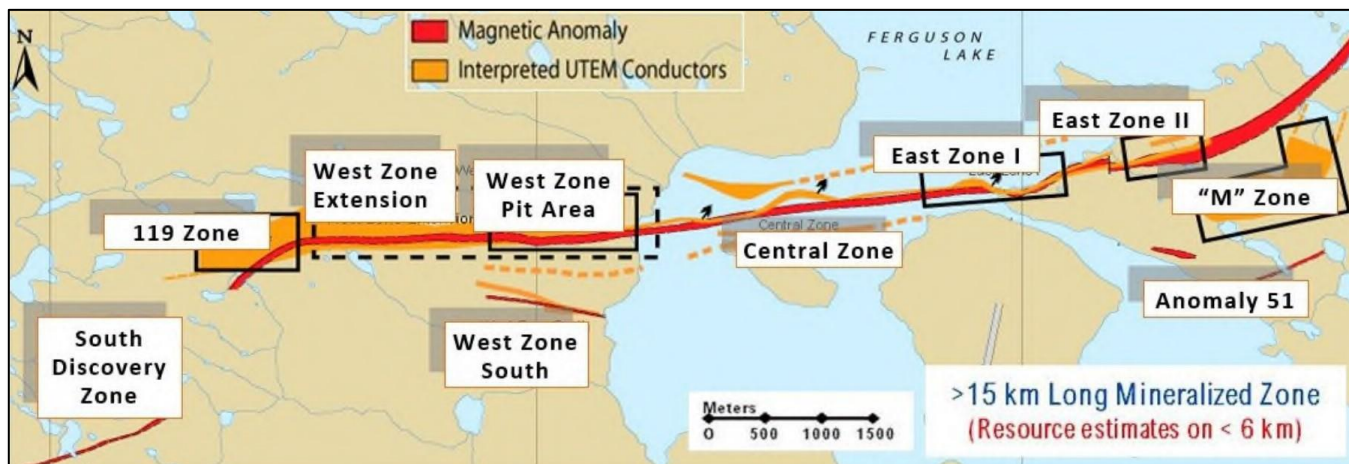
The current exploration plan focuses on the expansion of the massive sulphide targets and the delineation of potential economic resources in the high-grade PGM low-sulphide bodies.

Figure 4: Outcrop of Ultramafic Intrusion and Massive Sulphide Ore Body



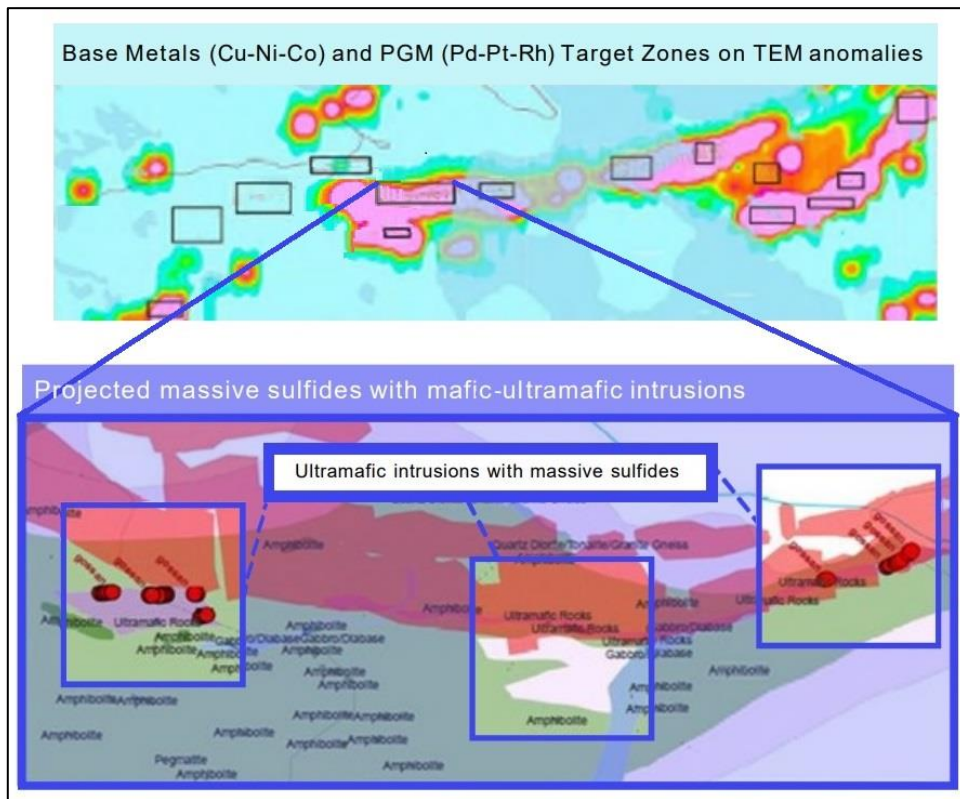
Source: Corporate Presentation (June 2022)

Figure 5: Ferguson Lake Geology and Mineralized Zones



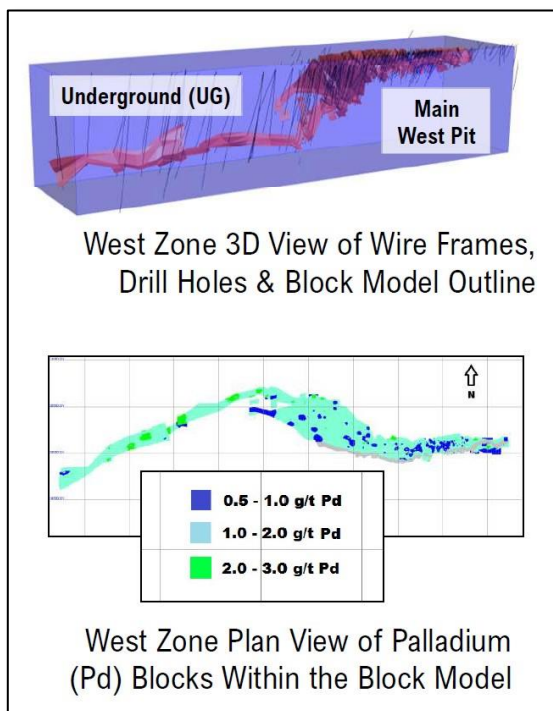
Source: Corporate Presentation (June 2022)

Figure 6: Target Zones Overlain on Ferguson Lake Conductive Zones and Massive Sulphides with Mafic-Ultramafic Intrusions in the West Zone



Source: Corporate Presentation (June 2022)

Figure 7: West Zone 3D Wire Frame and Palladium Blocks



Source: Corporate Presentation (June 2022)

2.5 Exploration, Drilling, and Resource Update Programs (2022)

In April 2022, **CNRI** reported that it budgeted \$11 million in 2022 for the Ferguson Lake exploration plan, which included an updated NI 43-101 compliant resource estimation, a 15,000m drill program, in-hole geophysical survey, surface geological mapping and geophysical surveying, and metallurgical testing.

Earlier in 2022, the Company reported that it has commissioned an updated resource estimation and engaged with geological consultants, Francis Minerals and Ronacher McKenzie Geoscience, to independently re-evaluate the mineral resources at current metal prices and economic conditions. The updated resource was issued on June 13, 2022 (see [Section 5.1](#)).

The 15,000m drill program was divided into two phases using two drill rigs. The Phase 1 program consisted of 7,000m targeting the recommended areas mentioned in the NI 43-101 Technical Report (July 18, 2021).

The Phase 1 program was designed to test some of the historic drill results, define the resources of the massive sulphides zones and the high-grade PGM zones at depth in West Main, West Pit, and East II zones, and test the extension of the West and East zones along strike under Ferguson Lake.

Subject to results from the Phase 1 program, the Phase 2 drill program would focus on the near-surface open-pit resource definition and the expansion of the high-grade PGM mineralization zones at depth along the 15-km-long main mineralized horizon.

In June 2022, the Company announced that it had completed 7,400m of diamond drilling on the property and assay results of the core samples were still pending.

CNRI also announced results from the resampling and re-assaying of historic drill cores and assaying of core samples. The resampling and re-assaying program are part of the ongoing resource evaluation and estimation for the Ferguson Lake Project.

A total of 790 samples were collected from 29 historic holes with the new assay results from these samples reasonably agreeing with the historic assay results. Key results included:

- Drill hole FL04-188: 8.25m of 0.86% Ni, 1.27% Cu, 1.57 g/t Pd and 0.20 g/t Pt;
- Drill hole FL07-363: 6.80m with 13.12g/t Pd and 8.04 g/t Pt;
- Drill hole FL07-361: 39.0m with 2.22g/t Pd and 0.39 g/t Pt.

Figure 8: Historic Core



Source: CNRI Website

2.6 Permits and Licensing

Various permits and licenses need to be kept in good standing to operate successfully and retain ownership of the properties. **CNRI** is a registered incorporated extra-territorial corporation with the Nunavut government and holds a prospecting license in good standing with CIRNAC. The Company also holds the following permits and licenses:

- Commercial License for Ferguson Lake Camp: Expires in July 2027;
- Quarry License for Ferguson Lake Camp Airfield: Expires in September 2023;
- Right of Way Overland Transport License:
 - Over Inuit-owned lands: Expires in October 2023;
 - Over Crown lands: Expires in March 2023;
- Type "B" Water License: Expires in March 2027.

However, the Ferguson Lake Project does not hold any permits required to operate a mine.

2.7 Nunavut Claims Management Regulations

Nunavut is the largest and northernmost territory of Canada and was separated from the Northwest Territories (NWT) in 1999. It is a sparsely populated but geographically vast Canadian territory and contains most of the Arctic Archipelago.

All mineral claims in Nunavut expire after two years from the recording date. However, the claims can be renewed for one more year if the Company can complete the assessment work at \$4/acre for the first two-year period.

The mineral claims can be renewed beyond the third year with increased annual work commitments. After 10 years, the Company must apply for a mining lease, which, once accepted, has a rent payment of \$1/acre annually and can be held for 20 years before a renewal is required.

3.0 Company History

After its incorporation in 2013, **CNRI** acquired the Ferguson Lake Deposit in Nunavut and started exploring the area. The Company conducted major exploration programs at the property in 2013, 2015, and 2018. See the [Project History](#) section for additional information about the exploration activities.

In 2013, **CNRI** opened the Ferguson Lake Camp to restart the technical evaluation of its project. The Company reviewed **Starfield's** historical core stored on the site, including a massive sulphide bulk sample gathered from the surface of the Ferguson Lake West zone. The geologists took drill core samples from multiple holes on the property and shipped them to Toronto for metallurgical testing. **CNRI** also reviewed the Ferguson Lake mineral resource model and conducted repair and maintenance work on camp buildings, mechanical equipment, vehicles, and airfield.

In 2014, a desktop review of the various reports prepared by **Starfield** for the Ferguson Lake Project since 2001 was completed. It summarized key mineralogical and metallurgical findings from technical papers prepared by several independent laboratories that had previously analyzed mineralized material on the property.

In 2015, **CNRI** conducted ground follow-up on various potentially metalliferous and diamondiferous target areas on the property, some of which were outside the Company's mineral rights holdings at that time.

CNRI's geological teams chose target zones based on **Starfield's** previous airborne surveys and conducted prospecting, sampling and geophysical (magnetic and very-low-frequency (VLF)) surveys on these areas, which were believed to host mineral occurrences. Surface rock and control samples were taken and sent to laboratories for litho-geochemical analysis. In addition, the Company examined and sampled areas exhibiting attractive clusters of anomalous magnetic signatures for their diamond potential.

CNRI also re-opened the Ferguson Lake Camp in 2015 and conducted repair and maintenance work on camp buildings, mechanical equipment, vehicles, and the airfield. It continued with metallurgical work and conducted flotation tests on **stored massive sulphide material** obtained from the Ferguson Lake Project.

In 2018, **CNRI** conducted a follow-up surface rock geochemistry sampling program at the Ferguson Lake Property and surrounding area. It collected various grab and chip samples for testing.

In 2021, the camp was re-opened for a site visit and confirmed that there had been no material change to the condition of the project infrastructure and property since 2013.

In 2022, the Company announced that its common shares have been listed for trading on the **TSX Venture Exchange** under the symbol **CNRI**. Before and just after the listing, **CNRI** raised a total of \$22.0 million. On July 18, 2022, the Company announced that its common shares were accepted for listing on the **Frankfurt Stock Exchange** (FSE) under the trading symbol: E00, which is E-O-zero.

Earlier this year, **CNRI** announced a 15,000-metre drill program at the site and released an updated NI 43-101 Mineral Resource at the project (see [Section 5.1](#)), as well as staking an additional 851 claim units totalling 156.9 km² (over 38,770 acres) surrounding the existing mining leases, bringing the total land package to 253.8 km² (over 62,715 acres).

4.0 Ferguson Lake Project History

4.1 Early Stage (1950-1999) with Inco, Canico, and Others

Various companies have conducted drilling operations in the project area, and it is estimated that there have been at least 621 drill holes completed, out of which 173 were drilled by **Canico Nickel Company Ltd. (Canico)**. **Canico**, the predecessor exploration arm of **Inco Inc.** (acquired by **Vale S.A. (BOVESPA:VALE3)** in 2006), was the first company to discover the Ferguson Lake Deposit in 1950.

From 1950 to 1955, **Canico** discovered copper-nickel mineralization and constructed a 90-person camp. **Canico** completed geological mapping and airborne and surface geophysics. A bulk sample of nearly 10 tons was extracted for mill testing, and an initial in-house estimation of tonnage and grade was completed. The work carried out during this period resulted in the discovery of the East Zone, West Zone, and Central Zone. In 1953, **Inco** drilled 173 holes, covering a length of 26,385m.

From 1980 to 1986, **Esso Minerals Canada (Esso)** and **Homestake Mineral Development Company (Homestake)** carried out operations at Ferguson Lake Property. In 1980, **Esso** optioned the property from **Inco** and extracted a nine-ton bulk sample. **Esso** tested sulphur content for metallurgical application for uranium mineralization. In 1986, **Homestake** conducted reconnaissance geological mapping of the East Zone and West Zone, and collected 339 rock and 266 soil samples.

In 1998, a new group, the **Ferguson Lake Syndicate**, conducted a field program to prospect the East Zone, West Zone, and other mineralized zones on the property, and new targets were discovered.

4.2 Resource and PEA Definition (1999-2013) with Starfield

During this initial period, **Starfield** primarily explored the project, established a 170 km survey grid, conducted airborne and surface geophysical surveys, and performed detailed geological mapping, prospecting, and surface sampling targeting different areas and zones each year. It primarily focused on the West and East zones, but exploration also took place in the North, Grizzly, and southern "Y" Lake zones.

In 1999, **Starfield** drilled 19 holes, covering a length of 3,981m. From 2000 to 2001, **Starfield** continued geophysical work, surface sampling, and drilled 86 holes, covering a length of approximately 37,000m, testing six mineralized zones.

From 2002 to 2003, **Starfield** focused on the West Zone and its western extension by drilling 62 holes, covering a length of 27,678m. **Starfield** tested massive sulphide lenses in these zones as well as the low-sulphide palladium and platinum horizons.

From 2004 until 2008, **Starfield** drilled 268 holes for a total length of 89,894m in the East and West zones.

From 2009 through 2011, some additional drilling and geophysical work was done by **Starfield** and joint venture partner **Thanda Resources**, which culminated in the release of a PEA on the Ferguson Lake Project in 2011 (see [Section 5.2: 2011 PEA](#)).

In 2011, **Starfield** drilled three holes, covering a length of 1,866m, but the Company only performed maintenance and remediation work at the old Island camp area in 2012. In the following year, it applied for bankruptcy protection at the Ontario Superior Court and completed the sale of all of its assets related to the Ferguson Lake Project.

Figure 9: Ferguson Lake Project – Drilling Summary by Year (1953-2011)

Year	Company	No. of Holes	Metres
1953	Inco	173	26,385
1999	Starfield	19	3,923
2000	Starfield	48	15,533
2001	Starfield	38	21,500
2002	Starfield	53	24,957
2003	Starfield	9	2,721
2004	Starfield	55	23,018
2005	Starfield	29	16,973
2006	Starfield	116	24,951
2007	Starfield	19	6,139
2008	Starfield	49	18,813
2011	Starfield	3	1,866
Total		608	184,913

Source: CNRI, NI 43-101 Technical Report, Ferguson Lake Property (July 18, 2021)

4.3 Restarting the Project & Resource Update with CNRI (2013-Present)

After acquiring the Ferguson Lake Project in 2013, **CNRI** undertook consultation, meetings, and discussions with KIA, CIRNAC, and Hamlet Council in Rankin Inlet and Toronto.

During the summers of 2013, 2015, and 2018, the Company carried out multiple exploration programs and metallurgical tests to complete surface inspections and technical evaluations.

Work carried out during these periods included prospecting, lithochemical sampling of outcrops, resampling of historic drill core, ground magnetic and VLF surveys, and over 400 rock samples were sent for analysis.

2013

Starfield's historical core stored on the site was field examined and reviewed by **CNRI**. A total of 86 drill core samples were retested for cobalt, copper, nickel, palladium, and platinum.

While sampling, **CNRI's** focus was to identify drill intersections of low-sulphide, high PGM mineralization for a complete precious and multi-element assay. The Company also wanted to locate probable peridotite intrusive composition rocks for whole-rock geochemistry, which serve as vectors to favourable host rocks of high-grade mineralization.

In addition, a bulk sample of massive sulphide mineralization of approximately 250 kg, which was taken and stored in 2010 by **Starfield**, was shipped to Toronto for metallurgical testing.

Analytical results found that the predominantly low-sulphide core samples were as follows:

- 0.07% nickel, 0.07% copper, 0.01% cobalt, 1.42 g/t palladium, and 1.20 g/t platinum with values ranging from below detection to up to 0.59% nickel, 1% copper, 0.06% cobalt, 6.68 g/t palladium, and 10.5 g/t platinum;

- Gold values were approximately less than 20 parts per billion (ppb). The results were compared with those equivalent samples possessing platinum and palladium historic partial analyses;
- In 2013, **CNRI** also conducted an independent review of the Ferguson Lake mineral resource model in which the East and West Extension mineralized zones of the deposit were re-examined and rebuilt.

2015-2016

CNRI's objective behind the 2015 Ferguson Lake exploration program was to conduct ground follow-up on target areas both within and outside **CNRI's** mineral rights holdings at the time. The program consisted of helicopter-supported surface reconnaissance prospecting, rock chip and till sampling, and ground geophysical surveys performed by **CNRI**. The program was completed from July to August, during which the Ferguson Lake Camp was re-opened to maintain the facilities and equipment and continue the exploration work.

A total of 23 target areas were chosen, reviewed, and assessed by **CNRI's** geological teams on the ground. There were indications that some target areas were potentially hosting more than one mineralization type. Out of these targets, 13 hosted historical copper-nickel and PGM mineral occurrences, 8 recorded known gold occurrences, and 11 were selected airborne electromagnetic conductors of unknown cause.

The geophysical targets chosen were based on **Starfield's** previous airborne surveys, as some of the targets had been previously recommended but were underexplored or never followed up on the ground. During this exploration program, a total of 269 surface rock samples from outcrop or sub-crop were obtained by **CNRI's** geological teams for additional analysis. The most significant results from the analysis were found to return values of up to 14,300 parts per million (ppm) copper, 2,490 ppm nickel, 539 ppb palladium, and 220 ppb platinum.

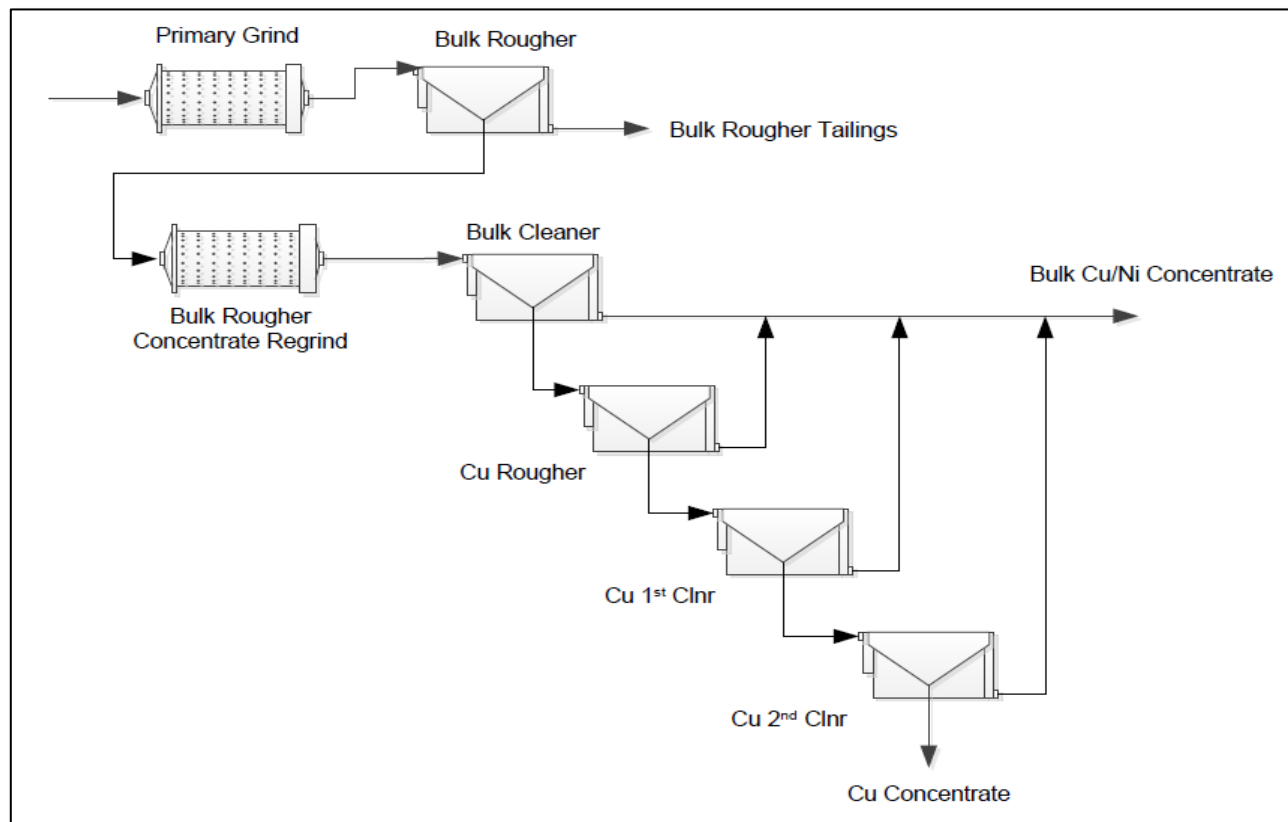
As part of the 2015 exploration program, a total of 278 rock and control samples were shipped to **SGS Laboratories** for gold plus multiple-element analyses. Additionally, thirteen 25-30 kg till samples were shipped to SGS Laboratories for Kimberlite Indicator Mineral (KIM) analysis.

From 2015 to 2016, a new series of flotation tests were also conducted on ore obtained from the bulk sample material, which was stored at the Ferguson Lake camp. The program's primary objective was to establish flotation conditions suitable to recover most of the copper value into a copper concentrate and the balance of the pay-metals into a bulk copper-nickel concentrate.

In 2015 and 2016, the metallurgical testing program conducted at the property identified two possible flowsheet alternatives for the mineralized material, which are as follows:

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

Figure 10: Ferguson Lake Project – Updated Flowsheet for Cu and Bulk Concentrate



Source: CNRI, NI 43-101 Technical Report, Ferguson Lake Property (July 18, 2021)

Additionally, five areas with potentially favourable exploration results were examined and sampled by **CNRI** on the ground for diamond potential. Based on the airborne surveys conducted by the Company, these areas exhibited attractive clusters of anomalous magnetic signatures.

A total of 13 till samples weighing approximately 30 kg were gathered from four target areas on the property and sent for KIM analysis. However, no significant results were achieved.

During the 2015 exploration program, a 27-line-km ground magnetic and VLF survey was also completed over the eastern side of the Ferguson Lake Property, approximately 2 km from the nickel-copper-PGM mineralized zones.

2018

In 2018, **CNRI** carried out a helicopter-supported follow-up surface rock geochemistry sampling program.

The Company collected 55 grab and chip samples for the Ferguson Lake Property and surrounding area. The highest value obtained from a grab sample showed 2,400 ppm copper, 1,750 ppm nickel, 290 ppm cobalt, 0.89 ppm palladium, and 0.33 ppm platinum.

2021

Due to the COVID-19 pandemic, **CNRI** could not visit the camp in 2020 and had to postpone exploration until 2021.

In late June 2021, **CNRI** re-opened the camp for repair, maintenance of equipment and vehicles, improvement of the airstrip, installing communication facilities, and repairing the water supply system and the drainages.

During the same month, a site visit was completed and confirmed that there had been no material change to the project infrastructure and property condition since 2013.

2022

Earlier in 2022, **CNRI** announced a 15,000-metre drill program at the site and reported on June 27, 2022, that it completed 27 holes for a total of 7,400m that focused on infill and step-out drilling in the East and West zones.

On June 13, 2022, **CNRI** released an updated NI 43-101 Mineral Resource estimate based on a database that contains 611 historic drill holes and 186,416 metres of drilling, and 36,740 assay samples. The new resource estimation included previously excluded PGM mineralization and diamond drilling and assays that were completed after the previous resource calculation.

- Indicated Mineral Resource:
 - 455 Mlb Cu at 0.85%, 321 Mlb Ni at 0.60%, 37.5 Mlb Co at 0.07%, 1.08 Moz Pd at 1.38 g/t, and 0.18 Moz Pt at 0.23 g/t.
- Inferred Mineral Resource:
 - 947 Mlb Cu at 0.91%, 551.5 Mlb Ni at 0.53%, 62.4 Mlb Co at 0.06%, 2.12 Moz Pd at 1.4 g/t, and 0.38 Moz Pt at 0.25 g/t.
- See [Section 5.1](#) for the detailed Mineral Resource Estimate.

In June 2022, **CNRI** announced that it staked an additional 851 claim units totalling 156.9 km² (over 38,770 acres) surrounding the existing 10 mining leases (96.9 km²), bringing the total land package to 253.8 km² (over 62,715 acres).

5.0 Technical Reports and Metallurgical Testing

5.1 Updated NI 43-101 Resource

An NI 43-101 Resource Update for the Ferguson Lake Project was announced in a news release on June 13, 2022. See [Figure 11](#) for the detailed Mineral Resource Estimate.

The new resource estimation includes previously excluded PGE mineralization in addition to diamond drilling and assays completed after the previous resource calculation in 2011.

Over the past few years, **CNRI** and **SGS Canada at Lakefield** have conducted metallurgical testing to economically recover PGMs to enable their inclusion in the new resource calculation.

The updated mineral resource estimate was based on a database that contains 611 historic drill holes, 186,416 metres of drilling and 36,740 assay samples and mostly incorporated the West Zone, which represents approximately 6 km of the 15-km-long mineralized belt.

The geological consultants, **Francis Minerals Ltd.** and **Ronacher McKenzie Geoscience Inc.** also re-evaluated the mineral resources at current metal prices and economic conditions, additional drilling, resampling of historic drill cores, and re-assaying of the newly collected samples. In addition, the updated mineral resources now also incorporate both base metals and PGMs.

The high-grade open pit in Indicated Mineral Resource category was 22.4 Mt at 0.84% Cu, 0.60% Ni, 0.07% Co, 1.37 g/t Pd, and 0.23 g/t Pt.

The overall total NI 43-101 Mineral Resource estimate, including both open pit and underground resources, was:

- Indicated Mineral Resource:
 - 455Ml Cu at 0.85%, 321 Mlb Ni at 0.60%, 37.5 Mlb Co at 0.07%, 1.08 Moz Pd at 1.38 g/t, and 0.18 Moz Pt at 0.23 g/t.
- Inferred Mineral Resource:
 - 947 Mlb Cu at 0.91%, 551.5 Mlb Ni at 0.53%, 62.4 Mlb Co at 0.06%, 2.12 Moz Pd at 1.4 g/t, and 0.38 Moz Pt at 0.25 g/t.

Note: The Open Pit and Underground Resources (both Indicated and Inferred Mineral Resources) have high Net Smelter Royalty (NSR) values relative to the NSR resource cutoff values, and, according to the Company's calculations, **are relatively insensitive to increases in NSR cut-off values**. The example provided by CNRI is that using a US\$70 NSR cutoff value (an increase of approximately 30%) to Indicated blocks within the conceptual pit shell reduces the tonnes by only 1% to 22.1 Mt (from 22.4 Mt) but the average NSR value increases by 1% to US\$258 (from US\$255).

There is a resource expansion possible:

- From work completed on the property, the Company estimates that the Central, East, and West mineralized zones remain open down-plunge to the west, along strike to the east, and down dip at multiple locations along its mineralized horizon ([Figure 12](#));
- Only three zones (primarily the Central and West Zones) were incorporated into the Updated NI 43-101 resource; seven mineralized zones can be drilled for additional resources;
- The recent drill results (7,400m) are still pending and could be incorporated into future resource estimate updates;

- Rhodium and gold were not historically systematically assayed so are not included in the resource modeling;
- New discoveries from the surface sampling of existing and recently acquired regional prospects with results pending.

Figure 11: Updated Ferguson Lake NI 43-101 Mineral Resources Statement

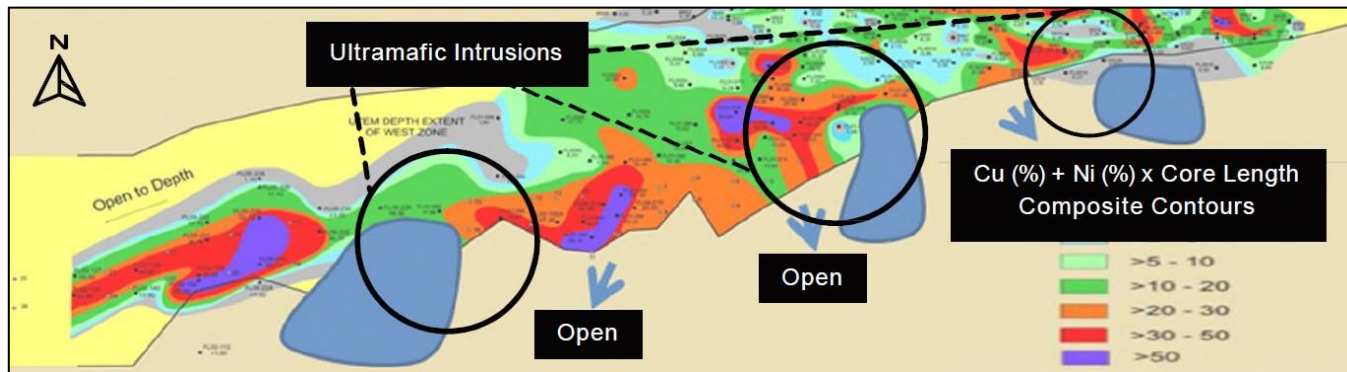
Indicated Resources							
Method	Tonnes (Mt)	Co (%)	Cu (%)	Ni (%)	Pd (gpt)	Pt (gpt)	NSR (\$US)
Open Pit	22.4	0.07	0.84	0.60	1.37	0.23	255
Underground	1.9	0.07	1.03	0.60	1.49	0.32	275
Total	24.3	0.07	0.85	0.60	1.38	0.23	257

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

1. CIM definitions (2014) and CIM Estimation of Mineral Resources & Mineral Reserves Best Practice Guidelines (2019) were followed for Mineral Resources.
2. Mineral Resources were estimated at NSR cutoff values of US\$49.70 for open pit and US\$94.50 for underground.
3. NSR values were calculated using long-term metal prices of US\$8.00/lb for Nickel, \$US3.30/lb for Copper, US\$20.60/lb of Cobalt, US\$900/oz Platinum, and US\$1,910/oz Palladium.
4. Metallurgical recoveries used in the NSR calculation were 91% for Nickel, 96% for Copper, 90% for Cobalt, 50% for Platinum and 81% for Palladium.
5. Open pit Mineral Resources are reported at a base case NSR value of US\$49.70 within a conceptual pit.
6. Underground Mineral Resources were estimated using a minimum true width of 2.5 metres and US\$94.50 NSR value.
7. The independent Qualified Person for the current Mineral Resource estimate is Mr. Jamie Lavigne, P. Geo.
8. Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability.
9. All figures are rounded to reflect the relative accuracy of the estimate. Numbers may not add due to rounding

Source: Ferguson Lake Project – NI 43-101 Updated Mineral Resource Estimate (June 13, 2022)

Figure 12: West Zone – Longitudinal Section Showing High-Grade Mineralization Open Along Strike and At Depth



Source: Company Presentation (June 2022)

5.2 PEA of the Ferguson Lake Project (2011)

Note: The PEA in this section is for reference only and highlights the project's economic potential. **The current plan is to focus on a significantly larger initial Open Pit mine.** With the change in focus and pricing data that is over 10 years old, the economics of the project would need to be revised with a Pre-Feasibility or Feasibility Study. The 2011 PEA used an historical NI 43-101 resource, which has been replaced by the NI 43-101 Resource Update that was announced in a news release on June 13, 2022 (see [Section 5.1](#)). In addition, the focus of the 2011 PEA was only a 2-year Open-Pit mine and a 19-year Underground mine.

As per the 2011 PEA, the undiscounted pre-tax cash flow of the Ferguson Lake Project is \$4,484 million over the 20-year mine life, with average operating cash flow of \$303 million per year, and life-of-mine capital costs of \$1.58 billion.

The project's pre-tax Internal Rate of Return (IRR) was 16.8%. Pre-tax Net Present Value (NPV) of the project at an 8% discount rate was \$1,061 million, while at a 10% discount rate it was \$692 million.

The project had an average NSR value of \$239 per tonne and an average operating cost of \$88.43 per tonne milled.

The PEA focused on an open-pit mine in Year 1 and 2, and an Underground mine operating from Year 2 to Year 20.

Economic Summary:

- Mine Life: Twenty years with three years of pre-production.
- Undiscounted Pre-tax Cash Flow: \$4.48 billion.
- Capital Costs (Life of Mine): \$1.58 billion, including \$1.39 billion of pre-production capital.
- Pre-tax IRR of 16.8% and a \$1.06 billion NPV at an 8% discount rate and \$692 million NPV at 10%.
- Average NSR value of \$239 per tonne.
- Total average operating costs of \$88.43 per tonne milled.
- Metal Prices Used (November 22, 2011):
 - Nickel: US\$8.05/lb;
 - Copper: US\$3.36/lb;
 - Cobalt: US\$14.50/lb;
 - Hematite: US\$100/tonne.

Production Summary:

- The ore production rate was 6,000 tonnes per day (tpd), or 2.1 million tonnes per year (tpa), operating at 350 days per year.
- The production rate includes:
 - Year 1: Initial production from an Open Pit of 2,000 tpd or 726,000 tpa;

- Year 2: Combined production from Open Pit and Underground mining of 6,000 tpd or 2.1 Mtpa;
- Year 3: Production only from Underground mining of 6,000 tpd.
- The mine production of 40.3 Mt was based on mineral resources of the Main West Zone and the West Extension.
 - NI 43-101 Resources:
 - Indicated Resources:
 - 15.8 Mt grading 0.65% nickel, 1.00% copper, and 0.07% cobalt.
 - Inferred Resources:
 - 20.8 Mt, grading 0.67% nickel, 1.11% copper, and 0.08% cobalt.
 - Mineral resources were estimated at NSR cut-off grades of \$53 and \$97 per tonne for open pit and underground, respectively.
- Production estimates:
 - Nickel: 25.6 million lbs. annually;
 - Copper: 41.6 million lbs. annually;
 - Cobalt: 2.9 million lbs. annually.
- The concentrator at the mine site comprised crushing, grinding, and flotation circuits.
- Pumping of sulphide concentrate via a 285 km pipeline to a process plant site, planned to be located near Arviat, Nunavut.
- Processing at Arviat, Nunavut, comprises two-stage leaching followed by solvent extraction (SX), ion exchange (IX) to purify the solution, then SX and electrowinning (EW) for mineral (Ni, Cu, and Co) and by-product (including sulphuric acid and hematite) recoveries.

5.3 Metallurgical Testing

The Company has conducted initial metallurgical tests for the recoveries of base metals and PGMs from massive sulphides, which indicated high recoveries of base metals (87-99%) and PGMs (90-95%).

2013-2014

- From 2013 to 2014, **CNRI** conducted a metallurgical testing program at the Ferguson Lake Property, which focused on developing the deposit's PGM potential.
- The main objective of the testing was to produce a bench level concentrate from the secondary residue material created by the previously completed hydrometallurgical testing by **Starfield**. During its testing, **Starfield** focused on developing downstream unit processes, including nickel, copper, and cobalt.
- Analysis of the materials and intoxicants created from **Starfield's** previous testing program suggested that most of the palladium and platinum, and to some extent gold, silver, and rhodium, remained in the final residue material, for which metallurgical test results indicated overall recoveries of 99% copper, 91% cobalt, 50% platinum, 77% palladium, and 94% nickel.

2015-2016

- Based on the metallurgical testing conducted in 2014, a series of flotation tests were completed on two sulphide composites obtained from the bulk sample material stored at the Ferguson Lake camp.
- The main objective behind the 2015-2016 metallurgical testing program was to develop flotation conditions that allowed the recovery of the copper. The plan was to recover most of the copper into a copper concentrate and the remaining pay-metals into a bulk copper/nickel concentrate. Low-grade bulk copper, nickel, and PGM concentrate were subject to hydrometallurgical processing.
- A series of comminution tests were also completed at the Ferguson Lake Deposit to develop the crushing and grinding energy requirements of the sulphide mineralization. The results would decide whether the material will be placed into the "very soft" category based on the grinding energy requirements or the "medium" category based on the crushing energy requirements.
- A total of five rough kinetics tests were carried out at the property to develop suitable grinding and flotation conditions so that copper and nickel extraction can be maximized. The Company also wanted to minimize mass recovery in the bulk rougher and scavenger concentrates. To achieve that, rough conditions were selected to maximize copper recovery while maintaining selectivity against pentlandite flotation.
- In the Flotation 4 (F4) test, the best results were achieved for the composites obtained in May 2015. The Company recovered 96.9% copper and 43.9% nickel. Cleaner tests were also conducted on the two composites during the testing program. In tests F6 to F9, the original composite was evaluated, while a new composite was picked for tests F10 to F13. Although the copper recovery was good for the composite, the nickel recovery was below expectations. It was assumed that the material was partially oxidized.
- The flotation results were much better for the composites obtained in October 2015. In test F10, the copper concentrate returned 32.3% copper and 1.46% nickel. Combining F10 and F11, the overall recovery of copper and nickel from the two concentrates stood at 99% copper and 87% nickel.
- In test F10, the bulk copper/nickel concentrate contained 35.7% copper and 84.6% nickel at a grade of 1.99% copper and nickel and 36.7% sulphur. The metal recovery in F10 was 35.7% for

copper and 84.6% for nickel. The F11 test produced a copper concentrate containing 85.1% copper and 6.1% nickel.

- Because the copper recovery was slightly higher than targeted, there was an increase in nickel recoveries. The combined results of tests F10 and F11 graded approximately 31% copper at 75% overall copper recovery. The associated nickel grade was approximately 1.75% nickel at 4.5% overall nickel recovery.
- In test F11, the bulk copper/nickel concentrate contained 14.0% copper and 81.2% nickel units at a combined grade of 1.58%.
- In test F12, the copper concentrate contained 70% copper and 4.5% nickel at a grade of 30.9% copper. The bulk copper/nickel concentrate graded 1.63% copper and 3.68% nickel at 27.0% copper recovery and 56.1% nickel recovery.
- The final flotation test, F13, employed marginally higher selective conditions in bulk rougher and incorporated a pyrrhotite rejection stage. The copper rougher concentrate contained 62.6% of the copper units, and the nickel content increased to 1.89% nickel. Hence, the bulk rougher and copper circuit conditions of test F12 were superior.

Figure 13: Historical and CNRI Metallurgical Testing

	Historical*	Recent: Canadian North Resources Inc.	
	Hydrometallurgical Processes ² (Starfield 2012)	Hydrometallurgical Processes ³ (CNR 2013)	Flotation plus Platsol (CNR 2016)
Copper	97 %	99 %	99 %
Nickel	94 %	94 %	87 %
Cobalt	89 %	91 %	90 %
Palladium	NA	77 %	90-95 %
Platinum	NA	50 %	90-95 %

Note: 1: Roscoe Postle Associates Inc. *All tests completed by SGS. 2: Historical, Hydrometallurgical process for nickel, copper, and cobalt. 3: Recent, Hydrometallurgical Methods plus final PGM-base metal element extraction from residue using Platsol process. NA – not available.

Source: Company Presentation (June 2022)

6.0 PGMs and Battery Metals Markets Overview

6.1 PGMs Investment and Pricing

Investors in the mining industry are currently focusing on metals that can help in terms of renewable or green energy and PGMs play a major role. The PGMs group consists of six precious transition metals that are rare and highly valuable; these include iridium, osmium, palladium, platinum, rhodium, and ruthenium.

The growth in platinum exchange-traded funds (ETFs) has helped tighten the platinum balance, which was largely driven by longer-term dynamics. One of these dynamics has been the scope for substitution between platinum and palladium.

The last few years have been quite volatile for the overall PGM industry, with new highs and lows being set across the industry. In September 2021, rhodium prices fell by more than US\$20,000 per ounce and reached around US\$11,200 per ounce, which was a one-year low.

However, since the start of 2022, rhodium prices have witnessed a sharp rise, in line with the increase in overall commodity prices. In early March 2022, the rhodium rose to around US\$22,000 per ounce. At the start of April 2022, rhodium was US\$19,500 per ounce but is now trading below US\$13,500 per ounce.

Palladium prices fell by a similar magnitude in September 2021. Moreover, it dipped further in December 2021 and touched a two-year low of US\$1,600 per ounce. In March 2022, palladium prices surged and hit an all-time high, at above US\$3,100 per ounce. At the start of April 2022, the palladium price was near US\$2,200 per ounce and has continued on a downward trend, dropping below US\$2,000 per ounce.

Similar to rhodium and palladium prices, platinum prices dipped in September 2021 and December 2021 to US\$910 per ounce from its all-time high of US\$1,300 per ounce in February 2021. However, till the start of March 2022, platinum prices recovered to US\$1,150 per ounce before dropping to US\$965 per ounce at the start of April 2022 and have continued on a downward trend.

Compared to other commodities, rhodium is the smallest market; hence, it is more volatile and at the mercy of the ebbs and flows of customer buying patterns. Semiconductor chip shortages have weighed on auto demand for rhodium, which makes up more than 90% of its end consumption.

Recently, the rhodium market has swung from a deep deficit into a surplus, impacting the market balance and price action. The return of supply and the impact of chip shortages were very much known variables towards the end of the last year, but their timing was and is highly uncertain.

A turning point for chip shortages was expected around March 2021, which would have helped continue supporting the PGMs purchases, but the market for supply return has been volatile.

The chip shortage's tightness has impacted the market for a much longer period. A market that was significantly undersupplied in 2021 is now well supplied.

The platinum market saw a surplus with heavy ETF disinvestment. There are several important factors that affect the platinum market:

- The recovery and mine supply and recycled metals;
- The negative impact of semiconductor chip shortages;
- The longer-term impact that the development of the hydrogen economy has had on investor demand and the balances.

6.2 PGMs Overview

PGMs are a subset of a slightly larger group of metals sharing similar chemical properties known as noble metals. Noble metals are characterized by their high melting points, high heat resistance, high corrosion resistance, and strong catalytic properties.

In addition, noble metals are siderophiles, meaning they are soluble in iron and thus rare in the earth's upper crust. The PGMs sub-group comprises six elements: iridium, osmium, palladium, platinum, rhodium, and ruthenium, and are among the world's rarest metals.

As new applications for PGMs are found and with the continued increase in PGMs commodity prices, the reactor-produced PGMs become economically feasible, representing a risk to traditional producers. Ruthenium, rhodium, and palladium can be recovered from spent nuclear fuel rods after about a five-year "cooling" period to reduce the number of reactive isotopes.

Alternatively, most PGMs can also be produced by irradiation. For example, ruthenium can be transmuted from molybdenum or technetium and then further transmuted to rhodium.

The technetium to ruthenium route is of particular interest as technetium-99 is one of the most problematic fission products in nuclear waste. Neutron inactivation of technetium-99 to ruthenium and subsequently by slow neutron irradiation to rhodium would generate multiple revenue streams and bypass mining operations.

Figure 14: PGMs Position in the Periodic Table

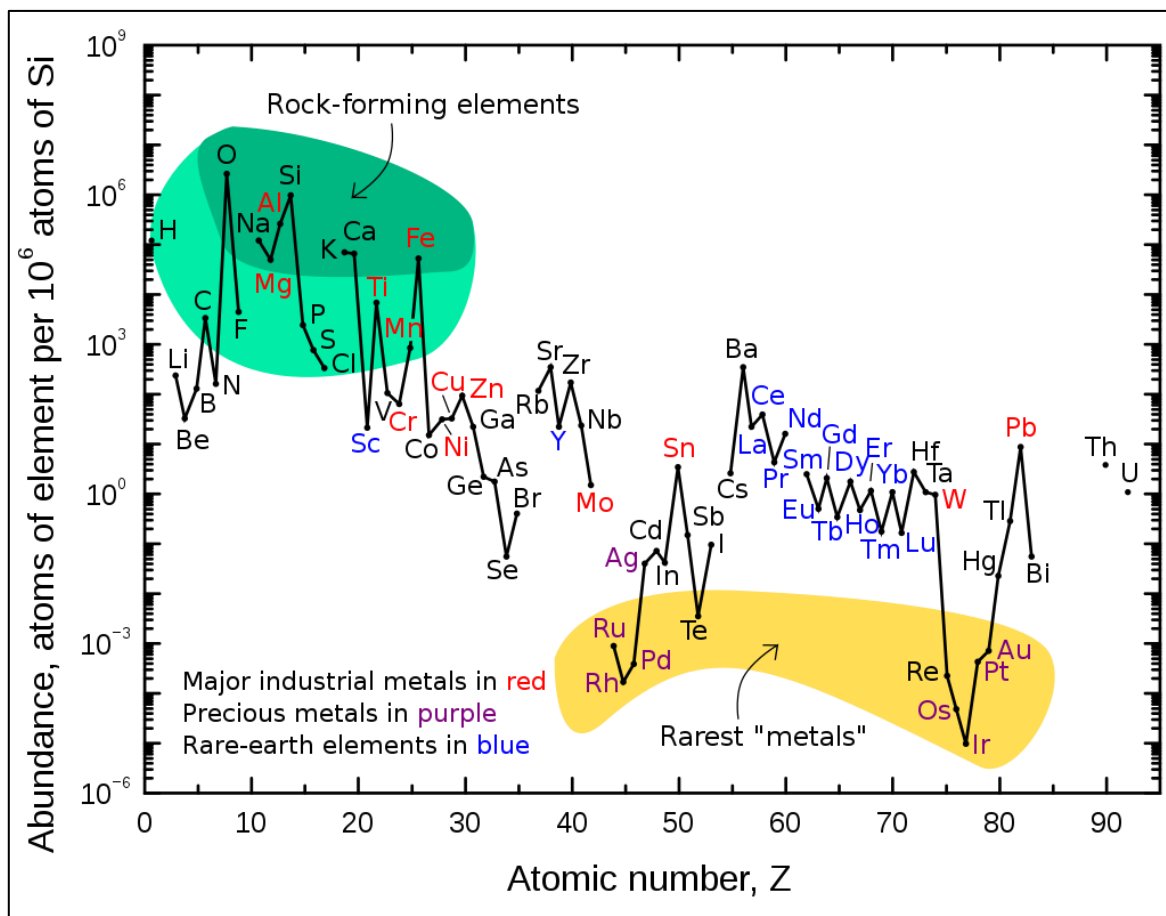
Group	7	8	9	10	11	12	13	14	15	16	17	18
1												2 He Helium
2							5 B Boron	6 C Carbon	7 N Nitrogen	8 O Oxygen	9 F Fluorine	10 Ne Neon
3							13 Al Aluminium	14 Si Silicon	15 P Phosphorus	16 S Sulfur	17 Cl Chlorine	18 Ar Argon
4	25 Mn Manganese	26 Fe Iron	27 Co Cobalt	28 Ni Nickel	29 Cu Copper	30 Zn Zinc	31 Ga Gallium	32 Ge Germanium	33 As Arsenic	34 Se Selenium	35 Br Bromine	36 Kr Krypton
5	43 Tc Technetium	44 Ru Ruthenium	45 Rh Rhodium	46 Pd Palladium	47 Ag Silver	48 Cd Cadmium	49 In Indium	50 Sn Tin	51 Sb Antimony	52 Te Tellurium	53 I Iodine	54 Xe Xenon
6	75 Re Rhenium	76 Os Osmium	77 Ir Iridium	78 Pt Platinum	79 Au Gold	80 Hg Mercury	81 Tl Thallium	82 Pb Lead	83 Bi Bismuth	84 Po Polonium	85 At Astatine	86 Rn Radon
7	107 Bh Bohrium	108 Hs Hassium	109 Mt Meitnerium	110 Ds Darmstadtium	111 Rg Roentgenium	112 Cn Copernicium	113 Nh Nihonium	114 Fl Flerovium	115 Mc Moscovium	116 Lv Livermorium	117 Ts Tennessine	118 Og Oganesson

Source: Wikimedia Commons

Given rhodium’s current market price and low natural occurrence in PGMs bearing ores, reactor production represents a possible risk to traditional mining operations as rhodium is a high-value PGM with strong demand as a catalytic converter.

A catalytic converter is a device made from ceramic or metal formed into a fine honeycomb and coated with a solution of chemicals and a combination of metals (platinum, rhodium, and palladium). It is mounted inside a stainless steel canister and installed in a vehicle’s exhaust system to convert the pollutants from the combustion of fuel into harmless gases.

Figure 15: Elemental Abundance in the Earth’s Crust



Source: Gordon B. Haxel, Sara Boore, and Susan Mayfield from USGS

6.3 PGMs Markets

Platinum

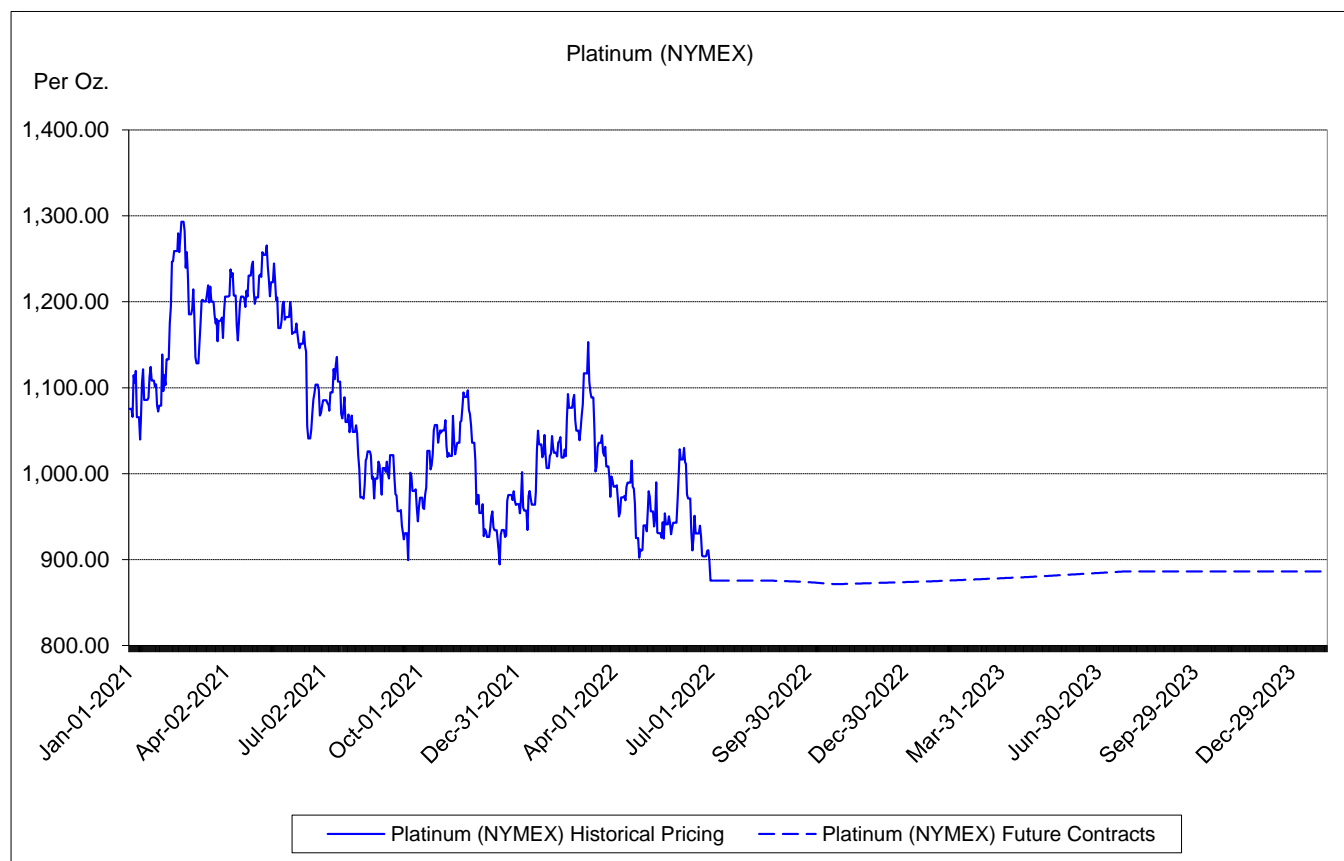
Giving its name to PGMs, platinum is the most commonly known PGM, with 166 tonnes produced in 2020, primarily from South Africa. Furthermore, production is expected to increase to approximately 180 tonnes in 2021. Platinum got its name from Spanish miners in Colombia, where it was considered an unwanted impurity in silver.

Today platinum's most common use is in jewelry, as it is historically slightly less expensive than gold. However, it's likely most famously known as the catalyst in catalytic converters used in the automotive sector, which became common in cars after the adoption of lower emission standards by the United States Environmental Protection Agency (EPA) in 1975 and later in other jurisdictions around the world.

However, palladium has replaced platinum and is today's most commonly used PGMs for automotive catalytic converters. Automotive catalytic converters today use a combination of palladium, platinum, and rhodium. In 2017, 86% of all palladium sales went into the manufacture of automotive catalytic converters.

Platinum is also used as a catalyst in other chemical reactions, such as the production of silicone rubber and gel components for a variety of medical implants, as well as platinum compounds in medications. While studies conducted by the United States Food and Drug Administration (FDA) found no evidence of toxicity, recent evidence of adverse health effects of halogenated PGMs compounds has raised new concerns about the use of PGMs in medical applications.

Figure 16: Platinum Historical Stock Chart and Future Contracts



Source: S&P Capital IQ

Palladium

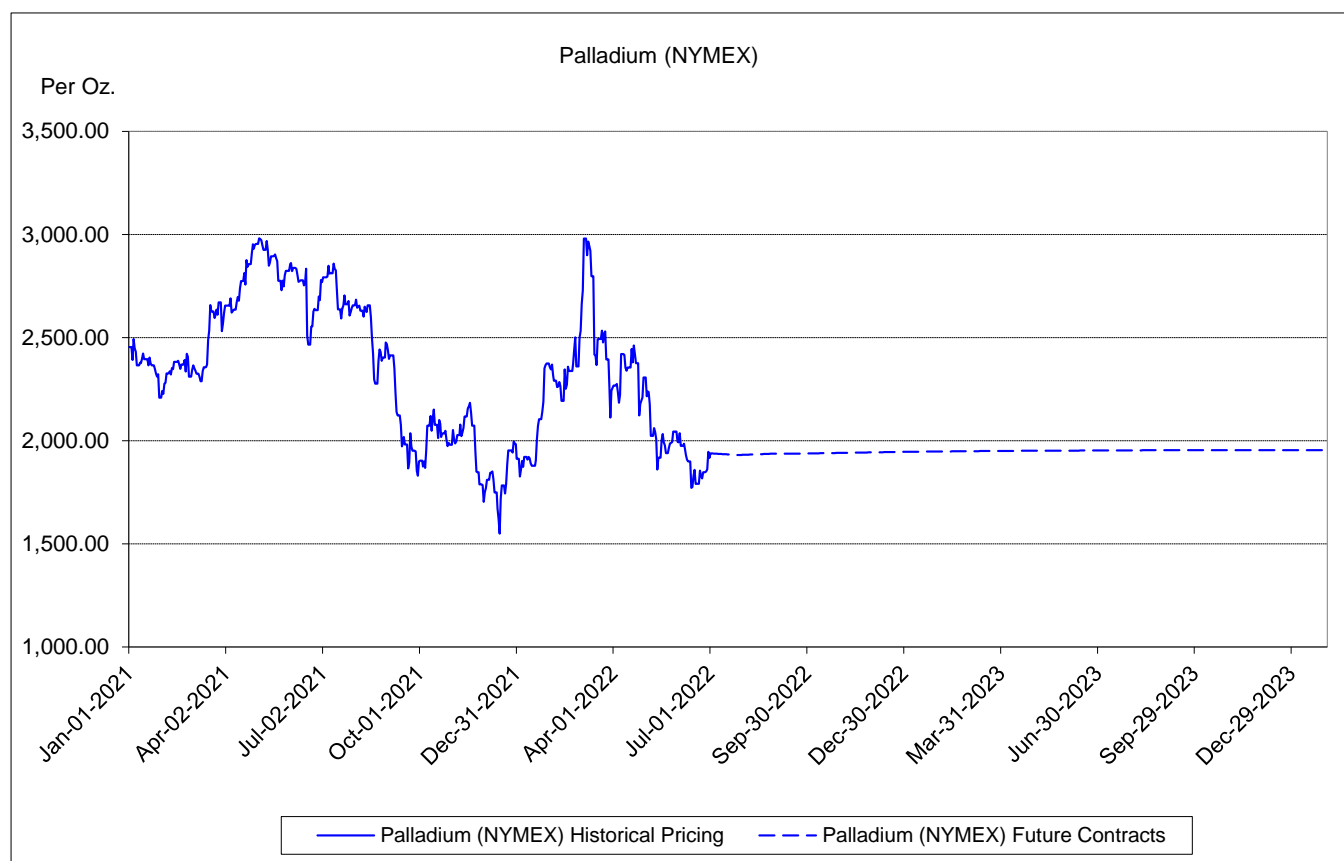
With 2020 production of around 217 tonnes, palladium is now the most widely used and perhaps the most versatile PGM. Russia and South Africa accounted for 41.0% and 33.0% of production in 2020, respectively, with Canada in third place at 9.5%.

Palladium is now used at twice the rate of platinum in catalytic converters as well as a catalyst in many other industrial processes. Other applications include:

- Electronics: for example, as a component in multilayer ceramic capacitors and carbon monoxide detectors;
- Dentistry: as a dental amalgam; and
- Jewelry: as an alternative to platinum.

One of the more interesting applications for palladium is its use as a hydrogen separator. Impure hydrogen can be passed through a thin-walled silver-palladium alloy membrane. The membrane will allow protium and deuterium (the two naturally occurring stable isotopes of hydrogen) to readily pass through, resulting in a pure and ready-to-use gas. While the future of catalytic converters is limited as the internal combustion engine is phased out in a low carbon future, palladium demand will likely be maintained as hydrogen fuel cells or hydrogen-based engines will likely have some part in a low carbon future.

Figure 17: Palladium Historical Stock Chart and Future Contracts



Source: S&P Capital IQ

Rhodium

Rhodium is the third PGM used as a catalytic converter, with production estimated at around 30 tonnes per year, primarily from South Africa. The market size is approximately 10% that of palladium.

Rhodium is also used as an alloying agent for platinum and palladium to improve hardness and corrosion resistance. Applications for these alloys include furnace windings, bushings for glass fibre production, laboratory crucibles, and other small, very high-temperature applications. Rhodium can also be electroplated to provide tough lustrous surface finishes to electrical contacts, optical instruments, and jewelry.

Ruthenium

Approximately 30 tonnes of ruthenium are mined each year. With similar properties as rhodium, ruthenium's primary application is as an alloy in palladium and platinum electrical contacts to improve durability. Other applications include industrial catalyst and electrochemical applications to replace other metals and silicides, a chemical compound that combines silicon and a more electropositive element in thin-film microelectronics.

Osmium

Only about a tonne of osmium is produced per year. At 22.59 g/cm³, it is the densest stable element, approximately twice as dense as lead. One of the earliest applications for osmium was in lighting. The German lighting company Osram, formed in 1906, is named from a combination of osmium and wolfram (German for tungsten), which at the time were the primary metals used for lamp filaments.

Given the limited availability of pure osmium, it is typically used as an alloying element. Other applications include the use of osmium tetroxide in fingerprint detection and as a staining agent in electron microscopy. However, osmium tetroxide is highly toxic and care must be exercised in its use. Osmium-coated mirrors have also been used in space-based ultraviolet (UV) spectrometers.

Iridium

Iridium is the rarest element in the earth's crust. In 2020, production was 6.7 tonnes, slightly down from previous years, but is estimated to increase to 7.6 tonnes in 2021.

Iridium's price peaked at US\$6,400/oz in April 2021, dropping to US\$4,150/oz by December 2021. As of March 2022, the price of iridium stood at US\$4,900/oz. Iridium production peaked in 2010 at 10.4 tonnes, primarily due to the demand for iridium crucibles used in producing large high-quality single crystals employed in electronic-related applications.

Other than crucibles, the largest applications of iridium by weight include automotive spark plugs, electrodes used in the chloralkali process, and, like many other PGMs, as an industrial catalyst. Lesser amounts of iridium are used as alloying agents in long-life aircraft components and as a hardening agent in platinum alloys.

6.4 PGMs Supply

PGMs are generally a by-product of nickel, copper, or gold production. They are commonly found in the anode sludge created during the refining process of those elements. Individual PGMs production is generally by solvent extraction from the anode sludge.

As discussed earlier, reactor production from fission by-products or irradiation is an alternative source of PGMs in the future.

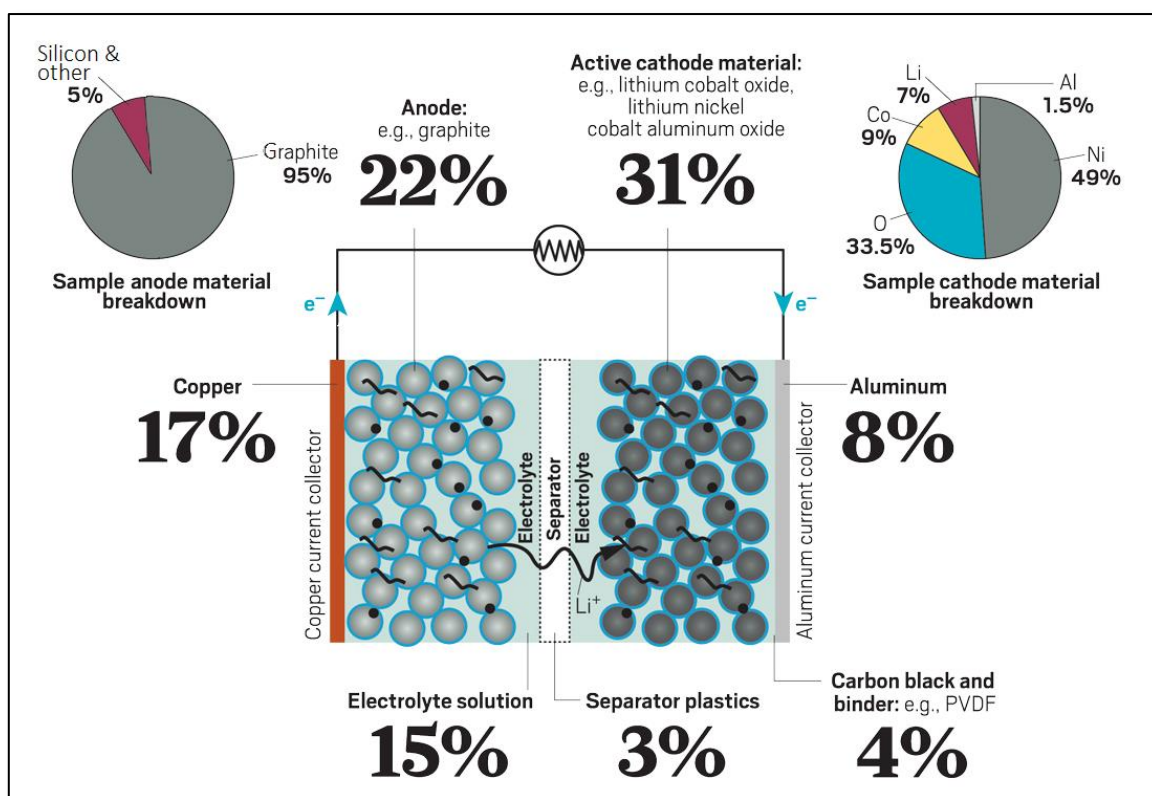
PGMs are typically all found in the same ores with some variation in the specific element content.

Generally, PGMs demand is increasing. Global production of palladium increased by around 300% from 1990 to 2000. However, production has been relatively stable over the past 15 years, from 7.7 Moz in 2005 to 9.1 Moz in 2018. Global production was dramatically hit in 2020, dropping to 6.4 Moz when flooding at two of **Nornickel’s (MCX:GMKN)** mines, the world’s largest palladium producer, caused a temporary shutdown in production.

This shortfall in production has been offset by Russia’s release of a cold war-era strategic stockpile. As a result, an increase in prices from the production stoppages at **Nornickel** was avoided. It is expected that the Russian government will release between 1-2 Moz per year. However, the size and condition of the strategic stockpile are a state secret.

Individual PGMs demand could be negatively or positively affected by technological advances, but demand is generally expected to increase.

Figure 18: Minerals Inside a Li-Ion Battery – Cathode Breakdown is an NCA (Li-Ni-Co-Al)



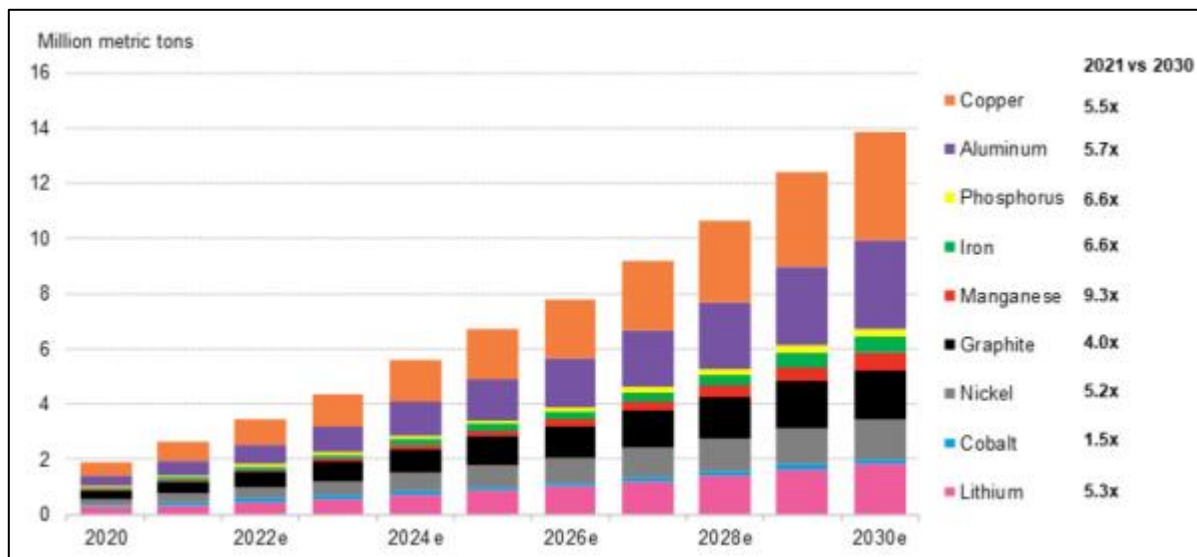
Source: cen.acs.org; eResearch Corp.

6.5 Battery Metals

“Battery Metals” commonly refers to nickel, cobalt, and lithium. However, copper can also be included in battery metals as it is the second-most common material found in most battery cells and approximately 8% of the overall metals used to construct the most common nickel-based lithium-ion battery packs.

Overall Battery Metals Demand

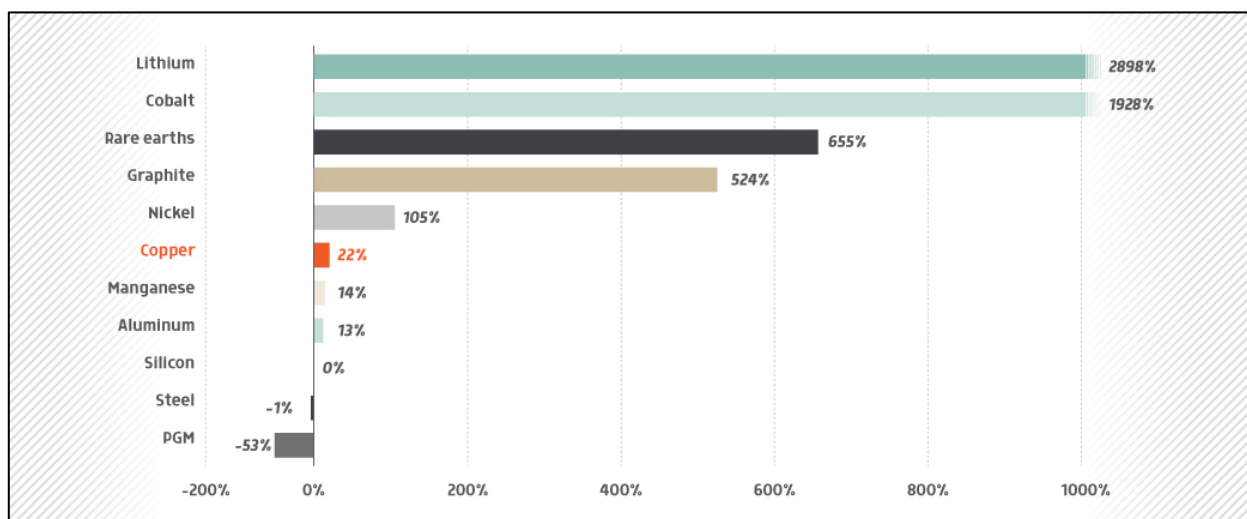
Figure 19: Metals Demand Surge from 2016 to 2030



Source: BloombergNEF

As the world transitions to a carbon-free economy, commodity consumption is expected to dramatically change. The graph below shows the estimated impact of a 100% conversion to EVs on key commodities used in commercial and passenger vehicle production.

Figure 20: Estimated Commodity Demand Change – 100% EV



Source: UBS

6.5.1 Nickel

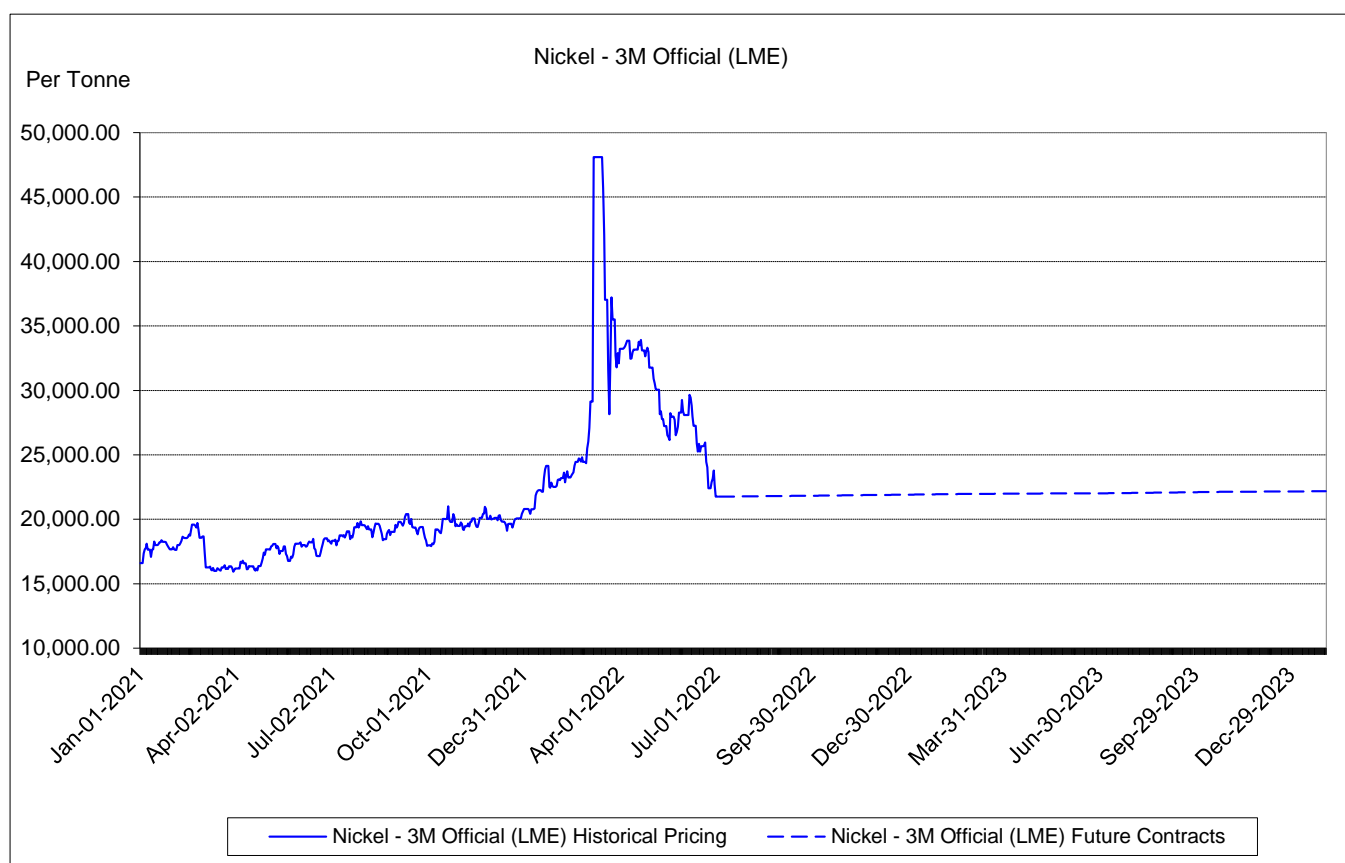
The predominant use of nickel is in alloying of ferrous and non-ferrous metals to improve the physical characteristics of the alloy, such as improved corrosion resistance of stainless steel. Other uses are in electroplating, where it is often employed to provide corrosion protection. However, nickel is increasingly being used in battery applications, rising from less than 4% of global production in 2017, to an estimated 10% of global production in 2021.

Until recently, the dominant lithium-ion battery chemistries used in electric vehicle (EV) production were nickel-manganese-cobalt (NMC) and nickel-cobalt-aluminum (NCA). In addition to rising demand due to increased sales of EVs, the chemistry of these batteries has been steadily changing to require more nickel. First-generation NMC batteries used a ratio of 1:1:1 of nickel, manganese, and cobalt, respectively. Current NMC batteries use a ratio of 8:1:1. Nickel stands to see even higher levels of demand in EVs as EV demand increases and future NMC battery technology pushes the ratio of nickel even higher.

With the current trend in EV sales, it is expected that up to 24% of global nickel production will go to the EV market by 2025.

A risk to nickel demand in the EV market is the recent adoption of lithium-iron-phosphate (LiFePO4) batteries by Tesla in its medium-range EVs. These batteries have lower energy density and lower cell voltage than NMC or NCA batteries but have a significantly lower cost. The trend toward the adoption of LiFePO4 batteries in EVs by other manufacturers is expected to increase, particularly in entry-level and mid-range vehicles.

Figure 21: Nickel Historical Stock Chart and Future Contracts



Source: S&P Capital IQ

Supply

Global nickel production was 2.5 Mt in 2021, increasing 6.8% over 2020. A further 20% increase in production is expected to come online in 2022 as Tsingshan, the largest nickel producer in the world, ramps up production in Indonesia.

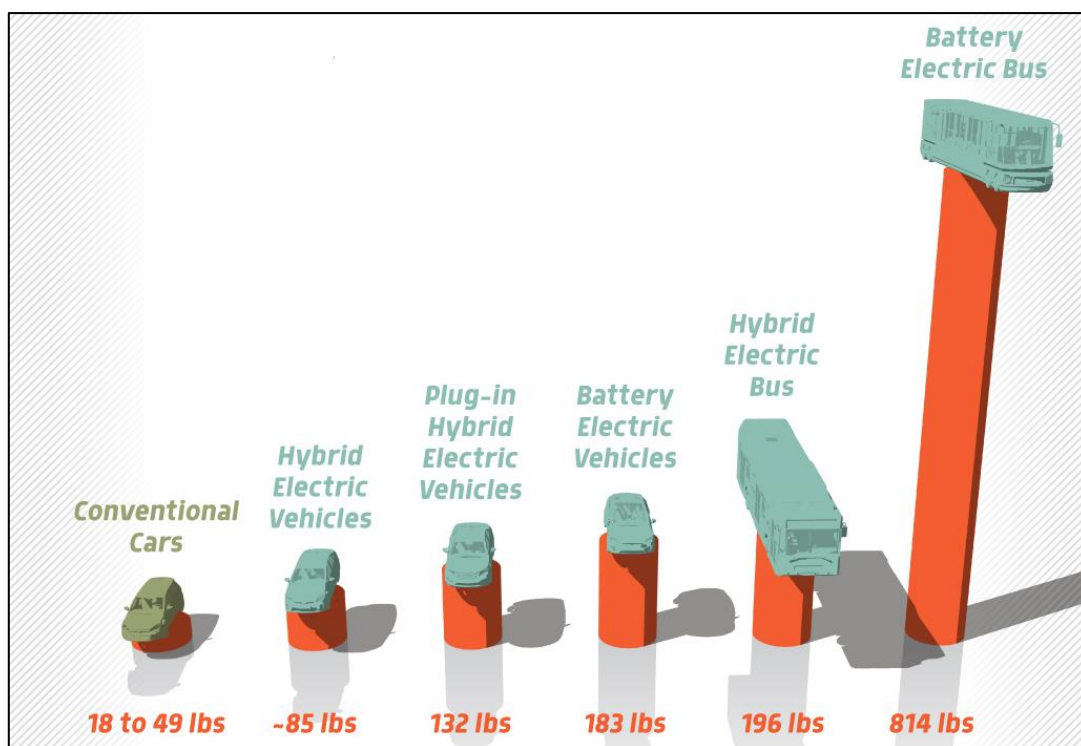
In 2021, total world nickel reserves stood at 95 Mt, with Australian and Indonesian reserves at 21 Mt each, followed by Brazil at 16 Mt. Canadian reserves were in the sixth position with 2 Mt.

6.5.2 Copper

Copper is the second-most common metal used in battery cells. Overall, the average EV battery pack weighs around 900 lbs, of which 8% is copper. Copper is primarily used as the collector foil in the anode of lithium-ion batteries, as well as in electrical tabs and connections.

In addition to copper's use in EV batteries, an EV uses copper in the motor windings and can contain over a mile of copper electric wire. An EV can use up to 80% more copper than a comparable combustion engine car.

Figure 22: Copper Required in Electric Vehicles



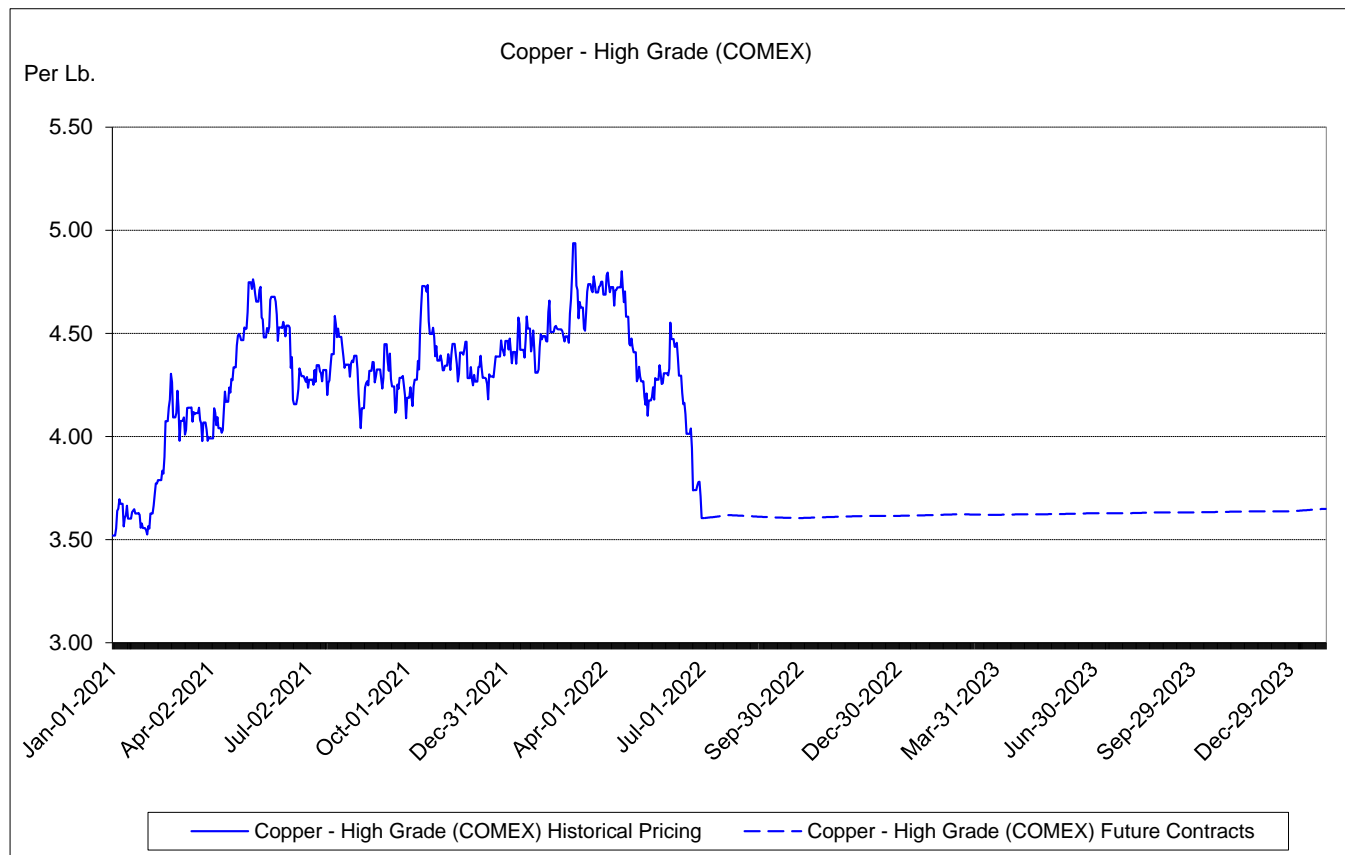
Source: Copper.org

Supply and Demand

According to the USGS, the annual production of copper in 2021 was almost 21 Mt, a slight increase from 2020. A major source of copper supply is recycling, which accounts for the deficit between mining production and consumption. Global copper reserves as of 2020 were at 870 Mt.

Global consumption of copper in 2020 was 23.5 Mt and increased to 24.5 Mt in 2021.

Figure 23: Copper Historical Stock Chart and Future Contracts



Source: S&P Capital IQ

6.5.3 Cobalt

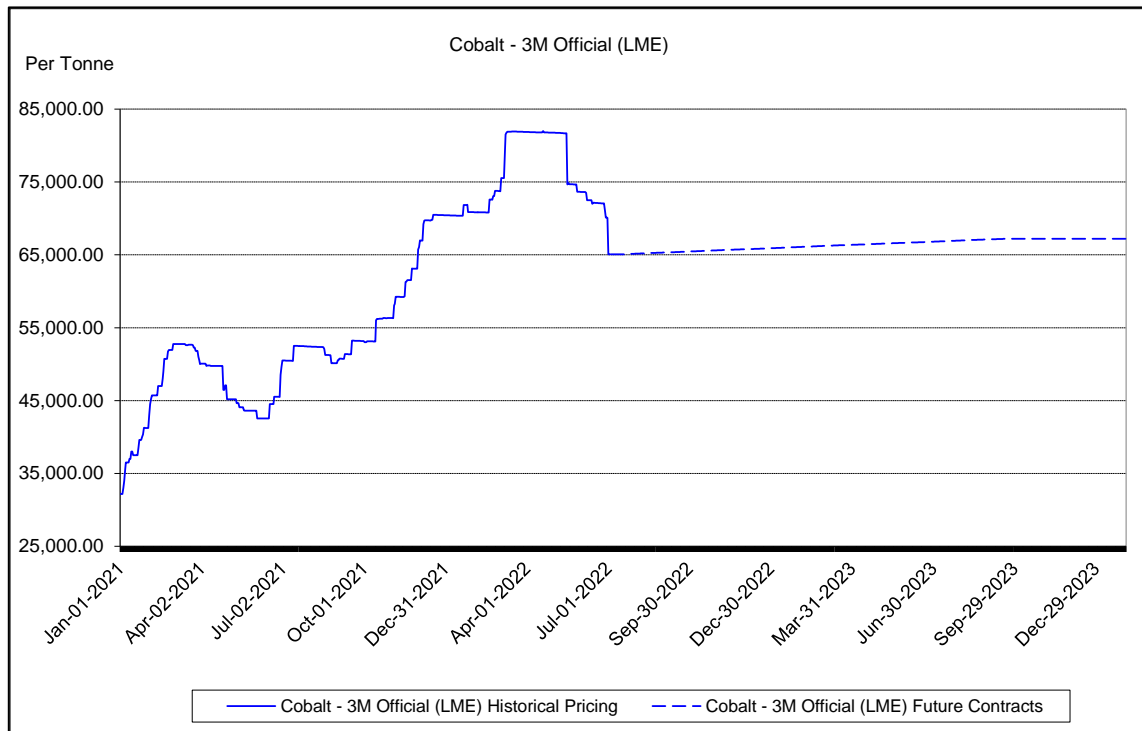
The primary purpose of cobalt in an NMC or NCA battery is to act as a stabilizer and prevent corrosion at the cathode, which reduces the possibility of a battery fire. The advantage of NMC and NCA batteries is higher energy density and higher cell voltage, which lead to longer ranges in EVs.

Cobalt's primary disadvantage in batteries is its high cost. The spot price in April 2022 reached US\$82,000/tonne but is currently trading at around US\$70,000/tonne.

Another drawback is copper's long history of harmful human and environmental consequences associated with cobalt mining. The majority of cobalt today is mined and refined in the Democratic Republic of Congo (DRC). Approximately 30% of mining operations in the DRC are artisanal and small-scale mining operations (ASM) producing nickel-copper and cobalt. These small mines employ approximately 12.5 million Congolese, many of whom are children working in dangerous environments with little or no protective equipment and are frequently exposed to life-threatening accidents due to insufficient safety measures.

While reputable companies, such as Glencore, are operating in the DRC producing cobalt in a responsible manner, the stigma of ASMs in the DRC has pushed battery producers to find alternatives to cobalt in batteries. However, given the increase in demand for higher-performance batteries, demand for cobalt is likely to remain strong for the foreseeable future.

Figure 24: Cobalt Historical Stock Chart and Future Contracts



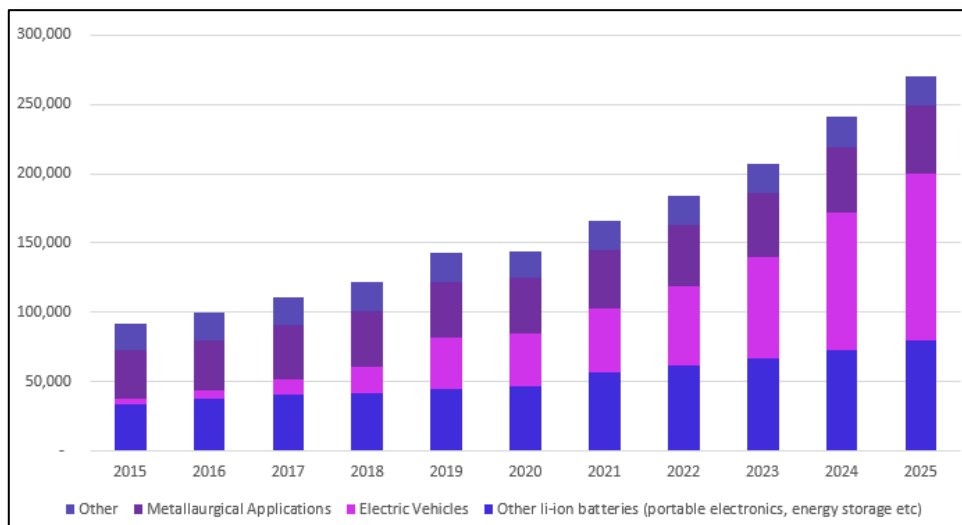
Source: S&P Capital IQ

Supply and Demand

According to the USGS, 142,000 tonnes of cobalt were mined in 2020, with the DRC being the top producing country. In 2021, worldwide mining production was expected to reach an estimated 170,000 metric tons.

Cobalt demand is expected to increase to 270,000 tonnes by 2025, with much of the increase in expected production coming from Indonesia.

Figure 25: Cobalt Demand by End-Use in Tonnes



Source: CRU International Limited

7.0 PGMs Comparable Companies

CNRI faces competition from various companies operating in this sector. Below we provide a brief list.

Canada Nickel Company (TSX:CNC)

- www.canadanickel.com
- **Canada Nickel** is a mineral exploration company primarily engaged in the discovery and exploration of nickel sulphide assets. **Canadian Nickel** recently became the 100% owner of the Crawford Nickel Sulphide Project, adjacent to the Timmins-Cochrane mining camp in northern Ontario. It also signed a letter of intent to acquire six new nickel targets near its project.
- The Crawford Nickel Sulphide Project is its flagship project and Canadian Nickel recently released an M&I resource estimate of 280 Mt at 0.31% Ni, 0.59% Cr, and 6.31% Fe, within an overall resource of 653 Mt at 0.26% Ni, 0.60% Cr, and 6.58% Fe.

Chalice Mining Ltd. (ASX:CHN)

- www.chalicemining.com
- **Chalice Mining** is a mineral exploration and development company based in Australia that focuses on PGMs, nickel, copper, cobalt, and gold discovery projects. Its main projects are the Julimar Nickel-Copper-PGM Project and the Hawkstone Nickel-Copper-Cobalt Project in Western Australia, and the Pyramid Hill Gold Project in Victoria.
- In May 2020, the first drill results intersected 25m at 8.5 g/t Pd, 2.0% Ni, 0.9% Cu, and 0.11% Co.

Clean Air Metals (TSX:AIR)

- www.cleanairmetals.ca
- **Clean Air Metals** is an Ontario-based mineral exploration company that focuses on platinum, palladium, copper, and nickel. Its main project and flagship asset is the high-grade Thunder Bay North Project, located near Thunder Bay, Ontario. The project is 100% owned by **Clean Air Metals** and hosts the Current Lake deposit, a magma conduit, and a twin structure to the Escape Lake deposit.
- In January 2021, **Clean Air** disclosed an Indicated Resource of 16.2 Mt at an average grade of 3.5 g/t Palladium Equivalent (PdEq) containing over 1.8 Moz PdEq and a total inferred resource of 9.8 Mt.

Generation Mining (TSX:GENM)

- www.genmining.com
- **Generation Mining** is focused on the development of the Marathon Palladium-Copper Project, located near Marathon, Ontario, covering 22,000 hectares and expected to produce 245,000 PdEq ounces per year over 13 years.
- It is one of the largest undeveloped palladium deposits in North America. **Generation Mining** has 82.6% ownership in the project, which is prospected to produce 0.24 Moz of PdEq annually over its 13-year mine life. The mining company continues to perform detailed engineering, arrange the production financing, and obtain necessary environmental approval for the project.

Impala Platinum (JSE:IMP)

- www.implats.co.za
- **Impala Platinum** is involved in producing PGMs and other metals, such as copper, nickel, and cobalt. It owns several mining companies that operate exploration projects located on major PGM deposits globally, including the Canadian Shield in North America, Bushveld Complex in South Africa, and the Great Dyke in Zimbabwe. Impala also owns the Lac des Iles Mine in Thunder Bay, Ontario.

Palladium One Mining Inc. (TSX:PDM)

- www.palladiumoneinc.com
- **Palladium One** is an exploration and development company with a focus on PGEs, copper, and nickel.
- Its projects include the Lantinen Koillismaa (LK) and Kostonjarvi Copper-Nickel-PGM projects in North-Central Finland, and the Tyko and Disraeli Nickel-Copper PGM projects in Ontario, Canada.
- An optimized pit-constrained Mineral Resource for the LK project includes 635,600 PdEq ounces of Indicated Resources grading 1.80 g/t PdEq and 525,800 PdEq ounces of Inferred Resources grading 1.50 g/t PdEq.

Platinum Group Metals (TSX:PTM)

- www.platinumgroupmetals.net
- **Platinum Group Metals** is a mineral exploration company based in Vancouver that focuses on the production and development of platinum and palladium.
- Its main project is the Waterberg PGM Project, a large-scale platinum group metal resource, which is located in the Northern Limb of the Bushveld Complex, South Africa. The company has an effective ownership of 50% in the project, which is a joint venture between **Platinum Group Metals, Impala Platinum**, and various other mining companies.
- **Platinum Group Metals** released reserve estimates of 187 Mt and resource estimates of 242 Mt. reserve and resource estimates are based on a 2.5 g/t 4E cut-off.

8.0 Select Mining Projects in Canada's North

Northern Canada has emerged as a new mining and exploration hotspot with projects in Nunavut, the NWT, and the Yukon. Below we highlight some of the companies and projects in those regions.

Agnico Eagle Mines Limited (NYSE:AEM)

- www.agnicoeagle.com
- **Agnico Eagle** engages in the exploration, development, and production of mineral properties in Canada, Mexico, Sweden, and Finland.
- In Nunavut, it operates the Meliadine mine, the largest gold mine in northern Canada that produced 55,000 Au oz. in Q2/2021.
- **Agnico Eagle** also operates the Meadowbank mine in Nunavut which produced 85,500 Au oz. in Q2/2021.
- In February 2021, **Agnico Eagle** acquired **TMAC Resources** and the Hope Bay Property (Doris Gold mine, and Boston and Madrid deposits) in Nunavut. At one time, Hope Bay was the second-largest gold mine in northern Canada.

Fortune Minerals (TSX:FT)

- www.fortuneminerals.com
- **Fortune Minerals** is a development-stage company that was a past producer. The company is advancing its NICO Cobalt-Au-Cu project, which has a mine and mill proposed in the NWT.
- **Fortune Minerals** plans to produce a bulk concentrate at a refinery in southern Canada.

Fury Gold Mines Limited (TSX:FURY)

- www.furygoldmines.com
- **Fury Gold** is a gold exploration company focused on projects in three Canadian mining regions: James Bay, Quebec; the Kitikmeot Region, Nunavut; and the Golden Triangle, British Columbia.
- **Fury Gold** owns a 100% interest in the Committee Bay gold project (Three Bluffs deposit) located in Nunavut, Canada, with a total Indicated Resource of 524,000 Au oz. (2.07 Mt at 7.85 g/t) and a total Inferred Resource of 720,000 Au oz. (2.93 Mt at 7.64 g/t).

Gold Terra Resource Corp. (TSXV:YGT)

- www.goldterracorp.com
- **Gold Terra** is a gold exploration company that has assembled a district-scale land position near Yellowknife, NWT.
- It is currently focused on expanding and delineating gold resources at its Yellowknife City Gold Project and recently acquired the Con Mine Property from Newmont.

MMG Ltd. (SEHK:1208)

- www.mmg.com
- **MMG** is an investment holding company that focuses on the exploration, development, and mining of minerals deposits, including copper, zinc, gold, silver, nickel, and lead deposits across Australia, as well as globally.
- **MMG** has an interest in the Izok Corridor Project, which includes the Izok and High Lake deposits located in Nunavut. The Izok deposit has a Mineral Resource of 15 Mt at 13.0% zinc and 2.3%

copper, and the High Lake deposit, located north of Izok, has a Mineral Resource of 14 Mt at 3.8% zinc and 2.5% copper.

Nighthawk Gold (TSX:NHK)

- www.nighthawkgold.com
- **Nighthawk** is a gold developer exploring the Indin Lake Gold property, in the Indin Lake Greenstone Belt, located approximately 200 km north of Yellowknife, NWT.
- It has a 900 km² land position within and a Mineral Resource estimate of 58.2 Mt grading 1.44 g/t Au for 2.69 million Au oz. in the M&I category and 19.7 Mt grading 2.10 g/t Au for 1.33 million Au oz. in the Inferred category.

North Arrow Minerals Inc. (TSX:NAR)

- www.northarrowminerals.com
- North Arrow is a Canadian-based exploration company focused on diamond exploration opportunities in Canada, with projects located in Nunavut, Saskatchewan, and the NWT.

NorZinc Ltd. (TSX:NZC)

- www.norzinc.com
- Formerly known as **Canadian Zinc Corp.**, **NorZinc** is a mineral exploration and development company that, along with its subsidiaries, focuses on natural resource properties in Canada.
- **NorZinc's** flagship project is the Prairie Creek zinc-lead-silver project in the NWT.

Osisko Metals Inc. (TSX:OM)

- www.osiskometals.com
- **Osisko Metals** is a base metal company that focuses on the acquisition, exploration, development, and evaluation of mineral properties in Canada.
- Its flagship project is the Pine Point lead-zinc project located in the NWT, covering an area of 115,034 acres (46,553 hectares).

Rockhaven Resources Ltd. (TSX:RK)

- www.rockhavenresources.com
- **Rockhaven** is an exploration stage company that primarily explores for precious and base metal deposits. It holds a 100% interest in the Klaza gold-silver property, an Au-Ag-Pb-Zn project in the Whitehorse mining district, Yukon Territory, which has a total mineral resource (Indicated & Inferred) of 1.63 million gold-equivalent ounces.

Sabina Gold & Silver Corp. (TSX:SBB)

- www.sabinagoldsilver.com
- **Sabina** is a late-stage gold-silver developer with a project based in Nunavut.
- Its flagship project is the Back River gold project comprising the Goose, George, Boulder, Boot, and Del properties that covers an area of almost 564 km².
- **Sabina** recently filed an Updated Feasibility Study on the Goose Mine, which highlighted a project that could produce 223,000 Au oz. per year for 15 years, with a payback of 2.3 years, and a post-tax IRR of 28% and NPV_{5%} of \$1.1 billion.

Seabridge Gold (TSX:SEA)

- www.seabridgegold.com
- **Seabridge Gold's** projects include the Courageous Lake property in the NWT and the 3 Aces project located in the Yukon Territory.

Silver Range Resources Ltd. (TSXV:SNG)

- www.silverrangeresources.com
- **Silver Range** is a junior prospect generator resource exploration company focused on gold, silver, zinc, lead, and copper deposits. Its property portfolio comprises 40 mineral properties located in Nevada, the NWT, Nunavut, and the Yukon Territory.

Sixty North Gold Mining Ltd. (CNSX:SXTY)

- www.sixtynorthgold.com
- **Sixty North** is a gold developer advancing the Mon Gold property close to Yellowknife, NWT. The mine was previously operating from 1989-1997, producing 15,000 oz. of Au over that period. The project already has its production permit.

Western Copper and Gold Corporation (TSX:WRN)

- www.westerncopperandgold.com
- **WRN's** flagship property is the Casino mineral property. It comprises 1,136 full and partial quartz claims, and 55 placer claims located in Yukon, Canada, and is currently in the permitting stage.

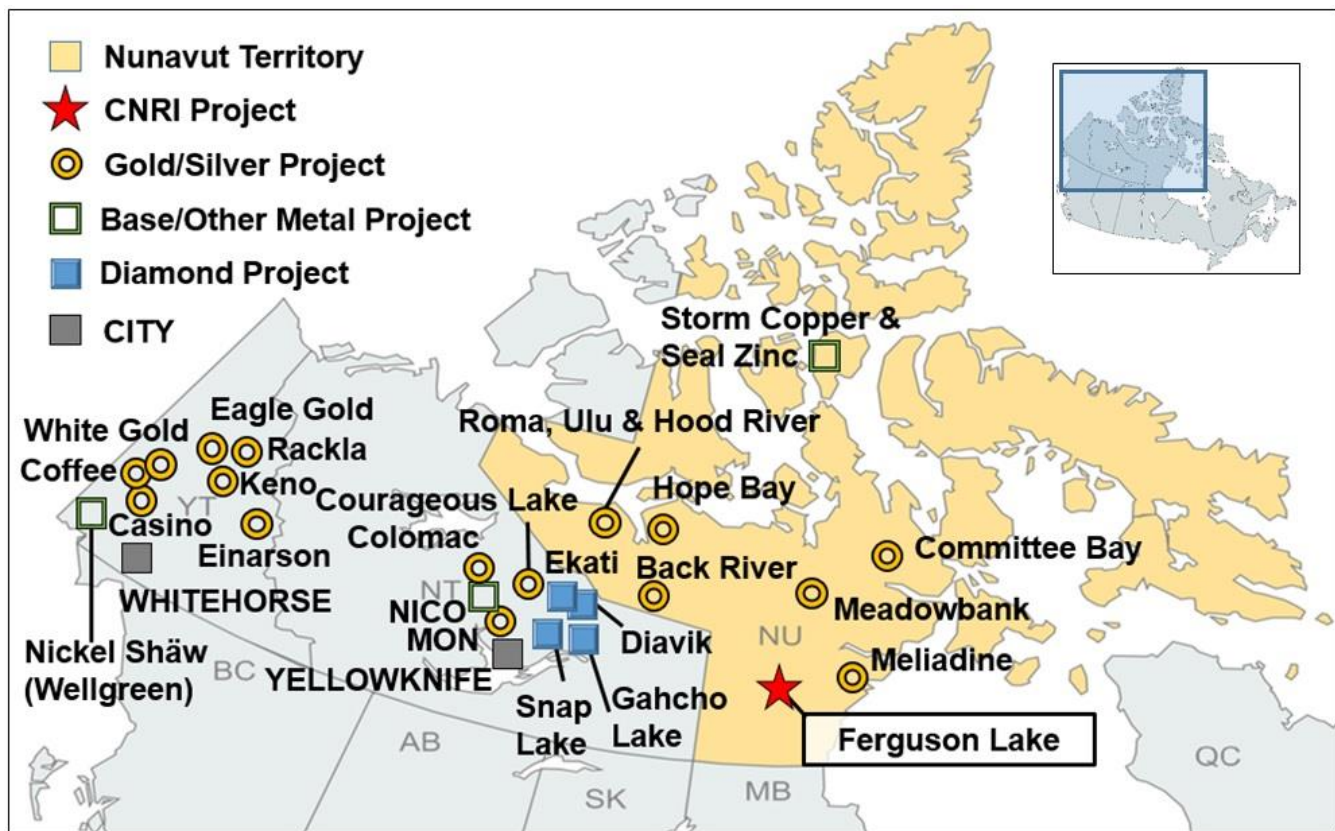
White Gold Corp. (TSXV:WGO)

- <http://www.westerncopperandgold.com/>
- **White Gold** is a Canadian gold exploration company operating exclusively in the White Gold District located south of Dawson City in Yukon, Canada.
- **White Gold's** land package spans over 420,000 ha and its gold resources include the flagship Golden Saddle and Arc deposits, which collectively contain Indicated Resources of 1,140,000 oz. at 2.28 g/t Au and Inferred resources of 402,100 oz. at 1.39 g/t Au, and the VG deposit, which contains Inferred Resources of 267,600 oz. at 1.62 g/t Au.

Diamond Projects

Recently, Canada has been one of the top three diamond-producing countries based on carats produced. Diamond mines in the area include the Diavik, EKATI, Gahcho Kué, and Snap Lake mines in the NWT, and Chidliak in Nunavut. **North Arrow Minerals Inc. (TSXV:NAR)** is also currently exploring for diamonds and has multiple projects in Nunavut and the NWT.

Figure 26: Regional Exploration Projects in Nunavut, the NWT, and the Yukon



Source: eResearch

9.0 Financial Statements, Capital Structure, & Cash Position

For a summary of **CNRI's** Financial Statements, please see [Appendix A](#).

9.1 Capital Structure

CNRI has no operating revenues, therefore it has to use its available funds obtained from equity financing and other financial transactions to continue exploration and operating activities on its projects.

For efficient use of funds, management may, from time to time, review its planned expenditures, the scope of work required to advance exploration at the Ferguson Lake Property, and the overall situation of the financial markets.

Common Shares, Options, and Warrants

The Company is authorized to issue an unlimited number of common shares without nominal or par value. As of March 31, 2022, 99,815,453 shares have been issued and outstanding as fully paid and non-assessable.

In April 2022, the Company announced that its common shares have been listed and started trading on the TSX Venture Exchange under the symbol **CNRI**.

CNRI's issued and outstanding Special Warrants currently stand at over 2,223,698. The warrants were issued in May 2021 for gross proceeds of over \$2.2 million. Each warrant is automatically convertible without payment of additional consideration and any further action on the part of the warrant holder. In April 2022, the Special Warrants of 2,223,698 were converted into Common Shares.

In April 2022, **CNRI** announced issued options to its directors and officers to purchase an aggregate of 0.5 million common shares, at an exercise price of \$1.00 per share, with the options expiring in April 2027. In May 2022, the Company reported that it has granted its directors, officers, employees, and consultants options to purchase a total of 2.695 million shares at an exercise price of \$1.92 per share, and will expire in May 2027.

As of June 30, 2020, **CNRI** has over 102.04 million shares, 6.66 million options, and 13.33 million warrants outstanding for a total fully diluted share count of 122.03 million and market capitalization of \$295.9 million.

Figure 27: Shares Outstanding

Shares Outstanding	Number
Shares Outstanding at end of the Previous Quarter (Dec. 31, 2021)	99,815,453
Shares issued in the Quarter	-
Shares Outstanding at end of the Quarter (Mar 31, 2022)	99,815,453
Shares Issued after the Quarter end	
- April 5, 2022: Special Warrants of 2,223,698 from the Offering Memorandum were converted into Common Shares.	2,223,698
Total shares issued after the Quarter end	2,223,698
Shares Outstanding	
- In the Money Options (Total Number of Options: 6.66M)	6,661,698
- In the Money Warrants (Total Number of Warrants: 13.33M)	13,332,737
Shares Outstanding - Fully Diluted	122,033,586

Source: Company Reports and News Releases

9.2 Working Capital

In April 2022, **CNRI** announced that its common shares have been listed on the TSX Venture Exchange. Before the listing, the Company raised nearly \$20 million by issuing 26.7 million units at a price of \$0.75 per unit with each unit consisting of one common share and one-half warrant.

On March 31, 2022, **CNRI** had available funds of over \$17.5 million, which the Company is planning to use in the following manner:

- \$11 million for the Ferguson Lake exploration plan this year, which will include an updated NI 43-101 compliant resource estimation, a 15,000m drill program, in-hole geophysical survey, surface geological mapping and geophysical survey, and metallurgical testing;
- \$0.25 million will be used to pay for the prospectus and list costs;
- \$1 million will be spent on operating expenses for the next 18 months from December 2021;
- \$7.9 million will be used as general working capital and for additional exploration and development expenditures.

In April 2022, in connection with the listing, \$2.2 million was released after converting the Company's Special Warrants into Common Shares.

9.3 Shareholders

Management and Directors control 69.1% of **CNRI**. Major shareholders include:

- **Kre Developments:** Kre is 50% owned by **835703 Ontario Ltd.**, which is wholly owned by Lee Q. Shim (Chairman), and 50% by Aier Wang (Director);
- **1560240 Ontario Ltd.:** Controlled by Kaihui Yang (President, CEO, and Director);
- **The Lee Quan Shim Family Trust:** Controlled by Lee Q. Shim, Chairman.

Figure 28: Shareholders

Type	No. of Shares	%
Institutions		0.0%
Corporations		
- Kre Developments (Note: Kre is owned 50% by 835703 Ontario Ltd. (wholly-owned by Lee Q. Shim, Chairman) and 50% by Aier Wang, Director)	42,748,785	41.9%
Individuals/Insiders		
- 1560240 Ontario Ltd. (Note: Controlled by Kaihui Yang, President, CEO, and Director)	15,000,000	14.7%
- The Lee Quan Shim Family Trust (Note: Controlled by Lee Q. Shim, Chairman)	12,750,000	12.5%
- D. Richard Brown, Independent Director	825,000	0.8%
Public and Other	30,715,366	30.1%
Total	102,039,151	100.0%

Source: S&P Capital IQ; Company Reports

10.0 Valuation

We are Initiating Coverage on Canadian North Resources with a one-year Price Target of \$5.00 and a Speculative Buy Rating.

We are valuing **CNRI** based only on the updated NI 43-101 resource for the Ferguson Lake Project released on June 13, 2022, and illustrated in [Figure 29](#).

At this time, we are not assigning any value to the Company's other projects or targets. **CNRI** recently staked claims totalling 156.9 km² (over 38,770 acres) surrounding its existing mining leases covering all the known base metals and PGM mineralized zones and outcrops in the Ferguson Lake area. Furthermore, **CNRI** has also staked 50.3 km² (12,429 acres) at the Quartzite Lake area and 29.2 km² (7215 acres) at the Kaminak Lake area, covering gold mineralized zones with previously drilled intervals up to 70m at 2.16 g/t. These other projects and targets offer additional upside potential on the stock price as they are developed.

We calculated a Price Target of \$5.00 based on a Valuation Price of \$5.05 using the following assumptions (see [Figure 30](#)):

1. Adjusted Resource:
 - The Adjusted Resource is based on the following formula: 100% credit for the Proven & Probable resource, 75% credit for the M&I resource, and 50% credit for the Inferred resource.
2. Commodity Prices:
 - We are using Resource Pricing from 2025 since the project still requires an updated PEA, Pre-Feasibility Study, and/or Feasibility Study before moving forward.
3. Assigned Value:
 - Since the project is still in the Resource Definition Stage and there is still a lot of Metallurgy work required, we are assigning a 5% value to the resources "in the ground".
4. We are assuming that Net Cash is currently \$16 million.
5. We are using the fully diluted share count of 122 million shares.

From these assumptions, we derive a Total Company Value of \$616 million and using 122 million shares outstanding (fully diluted), we calculate a value per share of \$5.05.

We are Initiating Coverage on Canadian North Resources with a one-year Price Target of \$5.00 and a Speculative Buy Rating.

We are Initiating Coverage on Canadian North Resources with a one-year Price Target of \$5.00 and a Speculative Buy Rating.

Figure 29: Ferguson Lake Project – NI 43-101 Resource (June 13, 2022)

Mining Method	Tonnes (Mt)	Copper (%)	Nickel (%)	Cobalt (%)	Palladium (g/t)	Platinum (g/t)
Indicated Mineral Resources						
Open Pit	22.4	0.84	0.6	0.07	1.37	0.23
Underground	1.9	1.03	0.6	0.07	1.49	0.32
Total Inferred Resources	24.3	0.85	0.6	0.07	1.38	0.23
Contained Metals						
	Mlbs	Mlbs	Mlbs	Mozs	Mozs	
Open Pit	414.82	296.3	34.57	0.99	0.17	
Underground	43.14	25.13	2.93	0.09	0.02	
Total Contained Metal (Indicated)	455.36	321.43	37.5	1.08	0.18	

Mining Method	Tonnes (Mt)	Copper (%)	Nickel (%)	Cobalt (%)	Palladium (g/t)	Platinum (g/t)
Inferred Mineral Resources						
Open Pit	12.1	0.59	0.4	0.04	0.99	0.22
Underground	35.1	1.02	0.57	0.07	1.54	0.26
Total Indicated Resources	47.2	0.91	0.53	0.06	1.4	0.25
Contained Metals						
	Mlbs	Mlbs	Mlbs	Mozs	Mozs	
Open Pit	157.39	106.7	10.67	0.39	0.09	
Underground	789.29	441.07	54.17	1.74	0.29	
Total Contained Metal (Inferred)	946.92	551.5	62.43	2.12	0.38	

Source: Company News Release (June 13, 2022)

Figure 30: Valuation Calculation with Adjusted Resource and Commodity Prices (2025)

Year	2025	2025	2025	2025	2025
Commodity	Copper	Nickel	Cobalt	Platinum	Palladium
Current Median Price Estimate	\$4.00	\$9.00	\$25.00	\$1,137	\$1,500
Price Used in Model	\$4.00	\$9.00	\$25.00	\$1,137	\$1,500

Indicated Mineral Resources	Contained Metals				
	Mlbs	Mlbs	Mlbs	Mozs	Mozs
Total Contained Metal (Indicated)	455.4	321.4	37.5	1.08	0.18
75% of Indicated	341.5	241.1	28.1	0.81	0.14
Value Indicated Mineral Resources (M)	\$1,366	\$2,170	\$703	\$921	\$203

Inferred Mineral Resources	Contained Metals				
	Mlbs	Mlbs	Mlbs	Mozs	Mozs
Total Contained Metal (Inferred)	946.9	551.5	62.4	2.12	0.38
50% of Inferred	473.5	275.8	31.2	1.06	0.19
Value Inferred Mineral Resources (M)	\$1,894	\$2,482	\$780	\$1,205	\$285

Sub-Total Mineral Value (M)	\$3,260	\$4,651	\$1,484	\$2,125	\$488
Total Mineral Value (M)	\$12,008				
Percentage Assigned	5%				
Mineral Value Used In Valuation (M)	\$600				
Net Cash	\$16				
Total Company Value	\$616				
No. of Shares Outstanding (Fully Diluted) (M)	122.0				
Value Per Share	\$5.05				

Source: Commodity Pricing from S&P Capital IQ; Valuation Calculations from eResearch Corp.

Appendix A: Financial Statements

Figure 31: Income Statement

Canadian North Resources Inc. (TSXV:CNRI)				
Income Statement				
(C\$, in thousands)	2019 December 31	2020 December 31	2021 December 31	2022-Q1 March 31
Total Revenue	-	-	-	-
Gross Profit	-	-	-	-
Selling General & Admin Exp.	73.4	278.9	1,444.4	287.0
Depreciation & Amort.	13.4	25.3	25.1	8.4
Operating Expense Total	86.8	304.2	1,469.5	295.4
Operating Income	-86.8	-304.2	-1,469.5	-295.4
Interest Expense	0.0	0.0	0.0	0.0
Interest and Invest. Income	0.0	0.0	20.5	0.0
Net Interest Exp.	0.0	0.0	20.5	0.0
EBT Excl. Unusual Items	-86.8	-304.2	-1,449.1	-295.4
Income Tax Expense	0.0	0.0	0.0	0.0
Earnings from Cont. Ops.	-86.8	-304.2	-1,449.1	-295.4
Net Income	-86.8	-304.2	-1,449.1	-295.4

Source: Company Financial Statements; eResearch

Figure 32: Balance Sheet

Canadian North Resources Inc. (TSXV:CNRI)				
Balance Sheet				
(\$C, in thousands)	2019	2020	2021	2022-Q1
	December 31	December 31	December 31	March 31
ASSETS				
Cash And Equivalents	3.1	1,553.3	19,025.8	17,517.9
Other Receivables	51.6	51.6	0.0	0.0
Prepaid Exp.	0.0	0.0	36.2	330.8
Total Current Assets	54.7	1,604.9	19,062.0	17,848.7
Property and Equipment	91.0	166.3	141.2	250.3
Net Exploration And Evaluation Assets	2,382.9	2,475.5	6,108.2	6,949.5
Total Assets	2,528.5	4,246.8	25,311.4	25,048.6
LIABILITIES				
Accounts Payable	238.2	355.3	46.3	78.9
Other Current Liabilities	2,894.7	1,300.0	2,223.7	2,223.7
Total Current Liabilities	3,132.9	1,655.3	2,270.0	2,302.6
Long-Term Debt	0.0	0.0	0.0	0.0
Total Liabilities	3,132.9	1,655.3	2,270.0	2,302.6
EQUITY				
Common Stock	104.5	5,504.5	25,503.6	25,503.6
Retained Earnings	(708.9)	(2,913.1)	0.0	0.0
Comprehensive Inc. and Other	0.0	0.0	(2,462.1)	(2,757.6)
Total Common Equity	(604.4)	2,591.4	23,041.5	22,746.0
Total Liabilities And Equity	2,528.5	4,246.8	25,311.4	25,048.6
Total Shares Outstanding on Filing Date (M)	60,750.0	73,150.0	102,039.2	102,039.2
Total Shares Outstanding on Balance Sheet Date (M)	60,750.0	6,108.0	99,815.5	99,815.5
Weighted Shares Outstanding (M)	60,750.0	99,815.5	58,049.8	67,942.5

Source: Company Financial Statements; eResearch

Figure 33: Cash Flow Statement

Canadian North Resources Inc. (TSXV:CNRI)				
Cash Flow				
(\$C, in thousands)	2019	2020	2021	2022-Q1
	December 31	December 31	December 31	March 31
Net Income	-86.8	-304.2	-1,449.1	-295.4
Depreciation & Amortization	13.4	25.3	25.1	8.4
Change in Acc. Payable	0.0	117.2	-309.1	32.6
Change in Other Net Operating Assets	46.0	0.0	15.4	-294.6
Cash Used in Operating Activities	-27.4	-161.7	-1,717.7	-549.0
Capital Expenditure	-58.4	-100.6	0.0	0.0
Sale of Property, Plant, and Equipment	0.0	0.0	0.0	-117.5
Other Investing Activities	-89.9	-92.7	-3,632.6	-841.4
Cash from Investing	-148.3	-193.3	-3,632.6	-958.9
Long-Term Debt Issued	0.0	0.0	0.0	0.0
Total Debt Issued	0.0	0.0	0.0	0.0
Issuance of Common Stock	101.0	0.0	20,922.8	0.0
Other Financing Activities	71.1	1,905.3	1,900.0	0.0
Cash from Financing	172.1	1,905.3	22,822.8	0.0
Net Change in Cash	-3.5	1,550.2	17,472.5	-1,507.9
Cash and Cash Equivalents, beginning of period	6.7	3.1	1,553.3	19,025.8
Cash and Cash Equivalents, end of period	3.1	1,553.3	19,025.8	17,517.9

Source: Company Financial Statements; eResearch

Appendix B: Key Management & Board of Directors

Management

Kaihui Yang, President, Chief Executive Officer (CEO), and Director

- Kaihui Yang serves as the President, CEO, and Director at **CNRI**. Mr. Yang previously served as the Executive Vice President, Exploration and International Operations for the **Zijin Mining Group (SHA:601899)**. He was also the Chairman of the **Sprott-Zijin Joint-Venture Mining Fund**.
- He also worked as a senior consultant for **Barrick Gold Corporation (NYSE:GOLD)**, **INCO**, **Falconbridge (NYSE:FAL | TSX:FAL)**, and the **World Bank Group**.
- Mr. Yang has over 30 years of experience working as an exploration geologist and developing resources within discovery.
- Mr. Yang obtained his Ph.D. in Geology from **The China University of Geosciences**, Beijing, China.

Dr. Trevor Boyd, Ph.D., PGeo, Vice President, Exploration

- Dr. Trevor Boyd is a professional geologist with more than 30 years of experience as a consultant, qualified person, officer, and company director for projects containing base metals, precious metals, uranium, nickel-copper-PGM, tungsten, tin, and/or indium.
- He earned a Bachelor of Science from the **University of British Columbia**, a Master of Applied Science from **McGill University**, and a Ph.D. in geology from the **University of Toronto**.

Carmelo Marrelli, Chief Financial Officer (CFO)

- Carmelo Marrelli currently serves as the CFO at **CNRI**. He works in the same capacity for a number of listed and unlisted companies in Canada.
- Mr. Marrelli also acts as a director of some publicly listed companies. He is a Chartered Professional Accountant (CPA) and the Principal of **The Marrelli Group of Companies**.
- Mr. Marrelli has over 20 years of experience in financial reporting, capitalization, accounting, management advisory services, and financial disclosure.
- Mr. Marrelli is a member of the **Institute of Chartered Professional Accountants of Ontario** and the **Institute of Chartered Secretaries and Administrators (ICSA)**, a professional body that certifies corporate secretaries.
- Mr. Marrelli has a Bachelor's Degree in Commerce from the **University of Toronto**.

Board of Directors

Kaihui Yang, Ph.D., Chief Executive Officer, President, and Director

- See biography above.

Lee Q. Shim, Chairman and Director

- Lee Q. Shim serves as the Chairman & Director of **CNRI**. He is also the founder of several capital funds and companies, including **Lee Li Holdings Inc.**
- Mr. Shim is also a Director at **Enercam Exploration Ltd.**, the subsidiary of **Angkor Resources Corp. (TSX:ANK | OTC:ANKOF)**.
- Mr. Shim has 36 years of experience working as an entrepreneur and investor in Canada and internationally. Starting in Toronto, he expanded his business in the US, China, and South Asian markets.

Aier Wang, Director

- Aier Wang serves as the Director at **CNRI**.
- She is also an Executive Director and the Founder of **Guangdong Grandee Investment Group Co. Ltd. (SEHK:270)**.
- Ms. Wang has founded several companies, including **Dongguan Loyal Woods Industry Co. Ltd.**, **Guangdong Grandee Real Estate Development Co. Ltd.**, **Guangdong Hopson Wealth Financial Leasing Co. Ltd.**, and **Dongguan Golden Valley Credit Investment Consulting Co., Ltd.**
- Ms. Wang focuses on investment management and has more than 20 years of experience in real estate, commercial real estate, finance, health, and the wood industry.
- Ms. Wang holds an Executive MBA degree from Sun Yat-sen University.

Richard Brown, Director

- Richard Brown serves as a Director at **CNRI**. He is also the Group Head of the China Desk at **Sprott Asia (TSX:SII | NYSE:SII)**.
- Mr. Brown has more than 30 years of experience in the financial capital markets of North America. He has experience in financings, mergers, acquisitions, and divestitures.
- Mr. Brown is also the founder of **Osprey Capital Partners**.
- Mr. Brown holds a Master's degree in Finance and a Bachelor's degree in Economics from the University of Denver, Colorado.

Michael Weeks, Director

- Michael Weeks has over 25 years in the power generation and resource industries and has managed major projects in Canada, Asia, Africa, and Europe.
- He is the founder of **Angkor Resources Corp. (TSXV:ANK)**, a company where he currently serves as the Executive Chairman. He also founded a petroleum training company and two financial service companies.
- Mr. Weeks has a background in engineering and a First Class Power Engineering Certificate.

Advisors

Xian Jian Guo, Ph.D., Technical Advisor

- Xian Jian Guo has extensive experience in the mining and mineral industry with over 35 years in process development, plant operation, optimization, engineering, and project management.
- He served as a Director at **Hatch Ltd**, as a Senior Scientist at the **Noranda Technology Center**, and is currently a Senior Advisor at the **Zijin Mining Group (HKSE:2899)**.
- Mr. Guo holds a Ph.D. in Metallurgy from Kunming University of Science and Technology in China and a post-doctoral study at Mackay School of Mines from the University of Nevada in Reno, USA.

Stephen du Toit, Advisor

- Stephen du Toit serves as an Advisor at **CNRI**. He is also the Executive Vice President and COO at **Coca-Cola Canada Bottling Limited (NASDAQ:COKE)**.
- Mr. du Toit has over 30 years of experience in manufacturing, product supply, and facility operations. He has worked in various executive positions in many multi-national companies in Canada, Saudi Arabia, Russia, and other countries.
- Mr. du Toit has served as a Manager and Director in Middle East Regional Supply Chain, **Coca-Cola**.
- Mr. du Toit is also a certified Chartered Management Accountant (CMA) and a Fellow Member of the Procurement Institute of Europe.
- He holds a Bachelor's Degree in Commerce from the University of Pretoria, South Africa. Mr. du Toit has a specialization in Accountancy, Statistics, and Computer Science.

Appendix C: Recent News Releases

Canadian North Resources lists on the Quotation Board of the Open Market of the Frankfurt Stock Exchange

July 18, 2022

- **CNRI** announced that its common shares were accepted for listing on the Quotation Board of the Open Market of the Frankfurt Stock Exchange under the trading symbol: E00, which is E-O-zero.

CNRI Files NI 43-101 Technical Report on the Updated Mineral Resources Estimates for the Ferguson Lake Mining Property

July 13, 2022

- **CNRI** announced that it has filed its National Instrument 43-101 Technical Report entitled "Independent Technical Report - Updated Mineral Resource Estimate, the Ferguson Lake Project, Nunavut, Canada", effective June 13, 2022, on SEDAR.

CNRI Announces Completing 7,400 Metre Drilling and Staking 156.9 km² Claims Surrounding the 96.9 km² Mining Lease at its Ferguson Lake Project in Canada

June 27, 2022

- **CNRI** reported that it has completed 7,400m of diamond drilling and that assay results of the core samples are pending.
- In addition, the Company has recently staked 851 units claim totalling 15,694.63 hectares or 156.9 km² surrounding the existing 10 mining leases (96.9 km²), bringing the total land package to 253.8 km² covering all the known base metals and PGM mineralized zones and outcrops at the Ferguson Lake area.
- **CNRI** has also staked 268 units claims (5,027.64 hectares or 50.3 km²) at the Quartzite Lake area and 155 unit claims (2,917.68 hectares or 29.2 km²) at the Kaminak Lake area, covering the gold mineralized zones with previously drilled intervals up to 70m at 2.16 g/t.

CNRI Announces Updated Mineral Resources for its 100% Owned Ferguson Lake Project

June 13, 2022

- **CNRI** announced an updated Mineral Resource estimate for its 100% owned Ferguson Lake Base Metal (Ni, Cu, Co) and PGM project based on a database that contains 611 historic drill holes, 186,416 metres of drilling, and 36,740 assay samples.
- This mineral resource estimate mostly incorporates the West Zone, which represents approximately 6km of the 15-km-long mineralized belt.
- The high-grade Open Pit in Indicated Mineral Resource category was 22.4 Mt at 0.84% Cu, 0.60% Ni, 0.07% Co, 1.37 g/t Pd, and 0.23 g/t Pt.
- The overall total NI 43-101 Mineral Resource estimate, including both Open Pit and Underground resources, was:
 - Indicated Mineral Resource:
 - 455 Mlb Cu at 0.85%, 321 Mlb Ni at 0.60%, 37.5 Mlb Co at 0.07%, 1.08 Moz Pd at 1.38g/t, and 0.18 Moz Pt at 0.23 g/t.
 - Inferred Mineral Resource:
 - 947 Mlb Cu at 0.91%, 551.5 Mlb Ni at 0.53%, 62.4 Mlb Co at 0.06%, 2.12 Moz Pd at 1.4 g/t, and 0.38 Moz Pt at 0.25 g/t.

CNRI Announces Financial Results for the First Quarter Ended March 31, 2022

May 30, 2022

- **CNRI** reported its financial results for the first quarter ended March 31, 2022.
- Highlights include:
 - Ended the quarter with cash and cash equivalents of \$17.5 million;
 - Confirmed the high-grade nickel, copper, palladium, and platinum mineralized zones at the Ferguson Lake Project;
 - Continued to carry out an NI 43-101 compliance resource estimate;
 - Started a drill program to expand the mineral resources;
 - Strengthened the Technical Team by hiring Trevor Boyd as Vice-President, Exploration.

CNRI Announces Grant of Options and Appointment of Vice-President, Exploration

May 19, 2022

- **CNRI** reported that it has granted to its directors, officers, employees, and consultants options to purchase a total of 2.695 million shares at an exercise price of \$1.92 per share that will expire in May 2027.
- The Company also announced the appointment of Trevor Boyd, Ph.D., P. Geo. as Vice-President, Exploration. Dr. Trevor Boyd is a professional geologist with over 30 years of experience in the mining industry working as a consultant, qualified person, officer, and director with both private and publicly listed companies.

CNRI Confirms High-Grade Nickel-Copper Massive Sulphides and High-Grade Palladium-Platinum Low-Sulphide Mineralization Zones

May 16, 2022

- **CNRI** announced results from the resampling and re-assaying of historic drill cores and assaying of core samples newly collected from the Ferguson Lake property.
- The resampling and re-assaying program are part of the ongoing resource evaluation and estimation for the Ferguson Lake Project.
- A total of 790 samples were collected from 29 historic holes with the new assay results from these samples reasonably agreeing with the historic assay results.
- Key results included:
 - Drill hole FL04-188: 8.25m of 0.86% Ni, 1.27% Cu, 1.57 g/t Pd and 0.20 g/t Pt;
 - Drill hole FL07-363: 6.80m with 13.12 g/t Pd and 8.04 g/t Pt;
 - Drill hole FL07-361: 39.0m with 2.22 g/t Pd and 0.39 g/t Pt.

CNRI Announces Financial Results for the Year Ended December 31, 2021

May 2, 2022

- **CNRI** reported financial results for the year ended December 31, 2021. Highlights include:
 - Raised over \$22 million and ended the year with over \$19 million in its treasury;
 - Strengthened management team and Board of Directors;
 - Completed an NI 43-101 Technical Report;
 - Planned for an \$11 million exploration program;
 - Prepared for a 15,000m drill program for 2022.

CNRI Announces \$11 Million Exploration Plan at the Ferguson Lake Project

April 25, 2022

- **CNRI** reported that it budgeted \$11 million for the Ferguson Lake exploration plan this year, which will include an updated NI 43-101 compliant resource estimation, a 15,000m drill program, in-hole geophysical survey, surface geological mapping and geophysical survey, and metallurgical testing. The drill program is to focus on high-grade nickel-copper massive sulphide targets and high-grade palladium-platinum low-sulphide target.

CNRI Starts a 15,000-metre Drill Program at the Ferguson Lake Project

April 18, 2022

- **CNRI** announced that it plans a 15,000m drill program in two phases during 2022 using two drill rigs. The Phase 1 program consists of 7,000m as recommended in the NI 43-101 Technical Report (July 18, 2021). The Phase 1 program is designed to test some of the historic drill results, define the resources of the massive sulphide zones and the high grade-PGM zones at depth in West Main, West Pit, and East II zones, and test the extension of the West and East zones along strike under Ferguson Lake.
- Subject to results from the Phase 1 program, the Phase 2 drill program will focus on the near surface open-pit resource definition and the expansion of the high-grade PGE mineralization zones at depth along the 15-km-long main mineralized horizon.

CNRI to Start NI 43-101 Resource Estimation at the Ferguson Lake Project

April 11, 2022

- **CNRI** reported that it has commissioned the new resource estimation in accordance with NI 43-101 at its Ferguson Lake Project. The Company has engaged with geological consultants, **Francis Minerals** and **Ronacher McKenzie Geoscience** to independently re-evaluate the mineral resources at current metal prices and economic conditions.

CNRI Announces Listing on TSX Venture Exchange and Grant of Options

April 5, 2022

- **CNRI** announced that its common shares have been listed and started trading on the TSX Venture Exchange. The Company has issued options to its directors and officers to purchase an aggregate of 500,000 common shares, at an exercise price of \$1.00 per share and expire in April 2027.

CNRI Announces Receipt for Final Prospectus and Listing on the TSX Venture Exchange

March 31, 2022

- **CNRI** reported that it completed its Prospectus filing with various securities' regulators in Canada to enable the Company to become a reporting issuer and to enable the distribution of 2.2 million common shares for the exercise or deemed exercise of 2.2 million special warrants of the Company issued for \$1.00 per Special Warrant.
- In addition, the Prospectus also qualified for distribution stock options to be granted to directors, executive officers, and consultants for the purchase of 0.77 million common shares at an exercise price of \$1.00 per share, and the options must be granted within 90 days of March 28, 2022.
- In connection with the listing, the net proceeds of \$2.2 million were released from trust to CNRI after converting the Company's Special Warrants into Common Shares.
- Before the listing, the Company raised nearly \$20 million from strategic investors through the subscriptions of 26.7 million units at a price of \$0.75 per unit of one share and one-half warrant.

Appendix D: Company Risks

CNRI is in the business of mining exploration and development that involve various risks and uncertainties, which we highlight below.

Business and Operating Risks:

- **CNRI's** business operations are speculative. The failure to discover mineral deposits or deposits that are insufficient in economic terms can have a negative impact on the Company and its profits.
- **CNRI** relies on the efforts and expertise of its management that are core to its operations. Though the Company has highly experienced people on its management team, their continued service cannot be guaranteed. Losing key individuals can adversely affect **CNRI's** business operations.
- Inaccurate resource estimations and incorrect interpretation of geological data can lead to major differences in actual figures, resulting in unexpected losses.

Legal and Regulatory Risks

- The Company's business operations are directly or indirectly affected by various legal factors that are beyond its control, such as federal regulations, regulations related to royalties, changes in government policies, allowed mineral production, and import and export of minerals. Failure to comply with any of the government regulations can have legal implications for the Company, resulting in penalties or even a temporary shutdown.
- Subject to local governmental and regulatory authorities ranging from worker safety to protection of the environment and protection of endangered animals, the **Company** is required to obtain various permits to develop its activities.
- Laws and regulations could change over time, modifying the permit's terms. These changes could have an adverse impact on the Company's activities such as the interruption or closure of operations or material fines, penalties, etc. There could be no guarantee the **Company** would secure new permits in a timely manner.
- The Company may be involved in various disputes in relation to its mineral properties or during the ordinary course of business. If such disputes are not resolved in time, the Company might have to go through legal proceedings, which could affect its operations.

Financial Risks

- The Company currently does not have any revenue-producing operations. It has had negative operating cash flow since its incorporation and without positive cash flow for a long time, the Company might not have as much financial flexibility.
- Although the Company has raised funds in the past by issuing equity and debt securities, it cannot be guaranteed that it will be able to raise additional capital or any other kind of funding in the future.
- The Company is fairly new in the mineral exploration and development industry where revenues are greatly influenced by the fluctuating market price of minerals. Drastic changes in market prices can negatively affect the Company's future revenue.
- The Company might have to incur additional expenses to establish reserves and develop its mining, processing facilities, and infrastructure at any property selected for exploration.

Environmental Risks

- **CNRI** faces environmental risks that are specific to companies in the mining industry, such as floods, cave-ins, and landslides that could negatively affect operations.
- **CNRI's** business operations are subject to various laws and regulations pertaining to health and environmental quality. Violation of these laws can lead to claims, penalties, and other liabilities.

Metallurgy Risks

- There are metallurgy risks associated with the proposed project based on the resource characteristics and previous metallurgical testing.
- There is the potential for negative impacts as the project moves into a more advanced stage of development.
- Risks include, and are not limited to, factors such as the proposed technology and process flow for mineral extraction, future pilot plant requirements, scaling from pilot plant to production, and the economics of the final process.

Technology Risks

- Mining operations require advanced systems and technologies for exploration and effective management of the collected technical data. Not upgrading to the latest technologies can prevent the Company from staying competitive or profitable.

Appendix E: Base Metals and PGM Companies

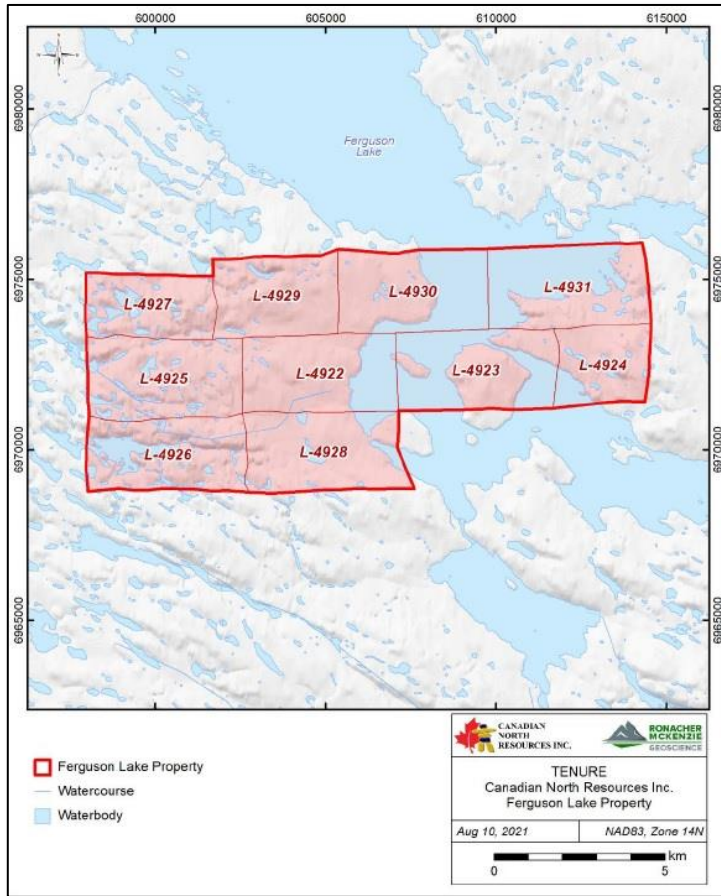
Figure 34: Select Base Metals and PGM Companies

COMPANY NAME	TICKER	PRICE 2022-06-30	MKT CAP (M)	CASH (M)	DEBT (M)	EV (M)	REVENUE (M)	EBITDA (M)	EV/ EBITDA	NAV	P/NAV
PRODUCTION COMPANIES											
Impala Platinum	JSE:IMP	ZAR 181.14	ZAR 153,344	ZAR 19,567	ZAR 1,328	ZAR 138,670	ZAR 127,074	ZAR 54,203	2.6	ZAR 229	0.79x
Lundin	TSX:LUN	\$8.16	\$6,354.6	\$733.9	\$29.0	\$6,199.2	\$3,638.4	\$1,877.6	3.3	\$10.10	0.81x
MMG	SEHK:1208	HKD 2.92	HKD 25,228	HKD 1,255	HKD 6,429	HKD 81,149	HKD 4,255	HKD 2,587	31.4	HKD 0.74	3.97x
Hudbay	TSX:HBM	\$5.25	\$1,374.9	\$213.4	\$1,258.1	\$2,679.3	\$1,567.0	\$488.1	5.5	\$9.24	0.57x
Teck	TSX:TECK.B	\$39.36	\$21,236.1	\$2,465.0	\$9,447.0	\$28,984.1	\$15,966.0	\$8,113.0	3.6	\$52.13	0.76x
Average									9.3		
Median									3.6	1.38	
PRE FEASIBILITY / FEASIBILITY											
Generation Mining	TSX:GENM	\$0.56	\$100.8	\$26.8	\$0.3	\$74.2	\$0.0	-\$39.6		\$5.15	0.11x
Platinum Group Metals	TSX:PTM	\$1.68	\$166.0	\$9.6	\$0.1	\$177.3	\$0.0	-\$7.5		\$2.94	0.57x
Average						\$125.8			0.34		
Median						\$125.8			0.34		
PEA STAGE											
Canada Nickel Company	TSXV:CNC	\$1.49	\$168.0	\$23.8	\$0.1	\$144.4	\$0.0	\$0.0		\$9.64	0.15x
Chalice Mining	ASX:CHN	A\$3.78	A\$1,405.2	A\$74.1	A\$2.3	A\$1,333.4	A\$0.3	-A\$59.3		\$8.89	0.43x
Clean Air Metals	TSXV:AIR	\$0.16	\$34.6	\$7.3	\$2.7	\$30.0	\$0.0	-\$2.4			
Callinex Mines	TSXV:CNX	\$1.70	\$25.4	\$0.3	\$0.1	\$25.2	\$0.0	-\$2.2			
Osisko Metals	TSXV:OM	\$0.38	\$85.8	\$7.0	\$0.0	\$78.8	\$0.0	-\$2.2		\$1.98	0.19x
Average						\$322.4			0.26		
Median						\$78.8			0.19		
NI 43-101 / JORC RESOURCE											
Canadian North Resources	TSXV:CNRI	\$2.90	\$295.9	\$17.5	\$0.0	\$278.4	\$0.0	-\$1.6			
Nickel 28 Capital	TSXV:NKL	\$1.16	\$104.9	\$4.1	\$74.3	\$192.0	\$0.0	\$0.0		\$3.63	0.32x
Palladium One Mining	TSXV:PDM	\$0.12	\$30.3	\$14.0	\$0.0	\$16.2	\$0.0	\$0.0		\$0.63	0.19x
Stillwater Critical Minerals	TSXV:PGE	\$0.24	\$43.1	\$3.3	\$0.0	\$39.8	\$0.0	\$0.0			
Average (excluding CNRI)						\$82.7					
Median (excluding CNRI)						\$39.8					

Sources: S&P Capital IQ; Company Presentations and SEDAR Filings; eResearch Corp.

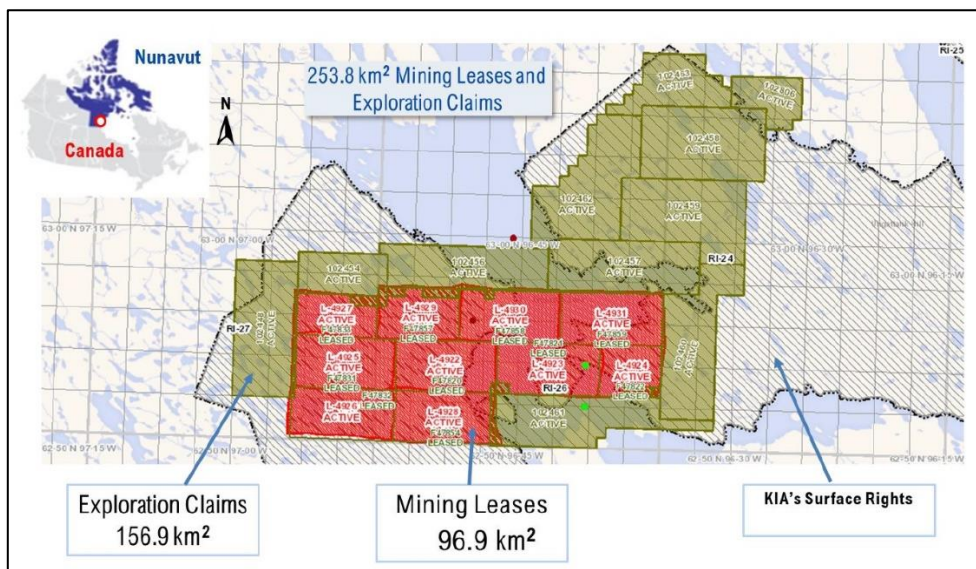
Appendix F: Additional Figures

Figure 35: Ferguson Lake Property Mining Leases (Original)



Source: Ferguson Lake Project – NI 43-101 Updated Mineral Resource Estimate (June 13, 2022)

Figure 36: Updated Ferguson Lake Mining Property



Source: Company News Release (June 27, 2022)

Appendix G: eResearch Disclosure

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ANALYST ACCREDITATION

eResearch Analyst on this Report: Chris Thompson CFA, MBA, P.Eng.

Analyst Affirmation: I, Chris Thompson, hereby state that, at the time of issuance of this research report, I do not own common shares, share options, or share warrants of Canadian North Resources Inc. ("CNRI").

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