

REVISIONS	Rev.	Prior
Rating:	Spec. Buy	Spec. Buy
Target Price:	\$5.25	\$5.00
Revenue F2022A (M):	\$0.0	\$0.0
Revenue F2023E (M):	\$0.0	\$0.0

MARKET DATA

Date:	Jun 28, 2023
Current Price (C\$):	\$2.13
52-Week Range:	\$1.86 / \$2.95
Shares O/S (M):	105.3
Mkt Cap (\$M):	\$224.3
EV (\$M):	\$215.0
Avg. Weekly Vol. (K):	50.0

Website: cnresources.com

FINANCIALS

Fiscal Year End:	FYE (December 31)	
	F2022A	F2023E
Revenue (\$M):	\$0.0	\$0.0
	2022A	2023-Q1A
Cash (\$M):	\$11.1	\$9.4
Current Assets (\$M):	\$12.3	\$11.2
Net Cash (\$M):	\$11.1	\$9.4
Total Assets (\$M):	\$34.6	\$34.2
Debt (\$M):	\$0.0	\$0.0
Total Liabilities (\$M):	\$3.5	\$3.2
Key Shareholders	(M)	% Held
Kre Developments	42.7	40.6%
K. Yang, Pres. & CEO	15.0	14.2%
Lee Q. Shim Fam. Trust	12.8	12.1%

Source: Company Reports, S&P Capital IQ

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

Canadian North Resources Inc.

(TSXV: CNRI | OTCQX: CNRSF | FSE: E00)

Ongoing Drilling Continues to Expand & De-risk Advanced-Stage Canadian PGM & Base Metal Resource

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), including Pd, Pt, and rhodium (Rh); Base Metals, including Cu, Ni, and Co; and occurrences of gold (Au) and silver (Ag).
- **Expecting Updated NI 43-101 Resource by Year-end:** We expect an updated NI 43-101 mineral resource estimate in 2023, which should show a significant positive increase from the 2021 to 2023 drilling.
- **Resource Potential Upside:** Only 5 of 10 mineralized zones were part of the 2022 mineral resource, with the potential to grow the resource at Ferguson Lake as well as from new discoveries at the regional prospects.
- **Lithium Potential:** In March 2023, CNRI announced the discovery of granitic pegmatites that potentially contain lithium-bearing minerals. The Company is planning to explore the lithium potential this summer.
- **Fully Funded for the Short Term and Government Support:** As of March 31, 2023, **CNRI** had \$9.35 million in cash on its Balance Sheet, excluding a recent \$250,000 grant from the Government of Nunavut.

FINANCIAL ANALYSIS & VALUATION:

- We are basing our one-year target price on 5% of the value of an adjusted resource using **CNRI's** NI 43-101 mineral resource (June 13, 2022) for the Ferguson Lake Project 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 maintaining a Speculative Buy Rating on CNRI and increasing our one-year Price Target to \$5.25 from \$5.00.**

All figures in CAD unless otherwise stated.

eResearch Corporation

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1.0 Update Report Overview

eResearch launched coverage on **CNRI** in July 2022. To read the full Initiation Report on **CNRI**, please visit eresearch.com to download the 61-page report: [NEW INITIATION REPORT – Canadian North Resources – Advanced-Stage Canadian PGM & Base Metal Resource Ready for the North American Clean Tech Industry](#).

The Investment Thesis for **CNRI** is as follows:

1. District-scale Project that is Rich in PGMs and Base Metals

- **CNRI's** flagship Ferguson Lake Project (100% ownership) is a district-scale project covering 253.8 km² (over 62,715 acres).
- The Company's main project contains PGMs, including Pd, Pt, and Rh, Base Metals, including Cu, Ni, and Co, and other precious metals including Au and Ag. These metals are broadly used in the clean energy and high-tech sectors globally.
- The project hosts an updated NI 43-101 mineral resource estimate (dated June 13, 2022; see [Updated Ferguson Lake NI 43-101 Mineral Resources Statement](#)) 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.
- We expect an updated NI 43-101 mineral resource estimate in 2023, which incorporates the drilling conducted in 2021, 2022, and 2023.

2. Lithium Potential

- In March 2023, **CNRI** announced the discovery of granitic pegmatites that potentially contain lithium-bearing minerals. The Company is planning to explore the lithium potential this summer.

3. High Growth and Value-creation Opportunity

- The project has high growth potential for PGMs (including Rh), Base Metals (including Cu, Ni, and Co), and Au resources. The existing West Zone ore body is open along strike and at depth (see [Figure 18](#)).
- Only five zones were incorporated into the Updated NI 43-101 mineral resource in 2022 and still hold potential for further expansion; five other mineralized zones can be drilled for additional resources (see [Figure 6](#)).
- There is also the potential for new discoveries from existing surface sampling and recently acquired regional prospects (see [Section 2.5.5](#)).

4. Solid Existing Infrastructure and Historical Activity Lowers Start-up Expenses

- **CNRI** and prior owners have spent more than \$140 million in exploration and metallurgical tests on the Ferguson Lake Project since its discovery in the 1950s, which included: 158,528m of drilling, a 55-person field camp, an airstrip, various geochemical and geophysical surveys, and metallurgical work (see [Section 2.2](#)).

5. Fully Funded for the Short Term with Strong Shareholder and Government Support

- In December 2022, **CNRI** closed a \$4.84 million Flow-Through financing of 1.793 million shares at \$2.70 per share and a \$4.996 million Charity Flow-Through financing of 1.46 million shares at \$3.42 per share for total gross proceeds of \$9.84 million. The proceeds

will be used to fund the Company's exploration activities and will be eligible for the Canadian government's recently announced 30% [Critical Metals Exploration Tax Credit](#).

- On May 16, 2023, **CNRI** announced that it has been awarded a \$250,000 grant from the **Government of Nunavut**.
- As of March 31, 2023, **CNRI** had \$9.35 million in cash on its Balance Sheet, with sufficient funds to complete the 2023 Ferguson Lake Project exploration program, including a 75-hole, 20,000m diamond drilling program and exploring the lithium potential of the extensive pegmatites identified on the Ferguson Lake Property (see [Section 5.0](#)).
- In addition, the Company has strong shareholder support and has illustrated its ability to raise funds from the capital markets when required.

6. 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.

Valuation

Since the Initiation Report was released in July 2022, **CNRI** has completed additional exploration and drilling at the Ferguson Lake Project, identified five new near-surface targets for Ni, Cu, Co, Pd, and Pt mineralization in the exploration claims surrounding the mining leases, and raised additional capital. This Update Report provides a summary of activities since the Initiation Report as the Company continues to advance and de-risk the project.

We are maintaining a Speculative Buy Rating on **CNRI** and increasing our one-year Price Target to \$5.25 from \$5.00.

For a more in-depth explanation of the valuation estimation, see [Section 6 – Detailed Valuation Calculation](#).

We have slightly adjusted these valuation factors from the last report:

1. Updated commodity price estimates in 2025 for the various commodities based on data from S&P Capital IQ – see [Valuation Calculation with Adjusted Resource and Commodity Prices](#);
2. An updated share count that includes the equity financing in December 2022, and accounts for any outstanding options and warrants using the Treasury Method – see [Figure 21](#);
3. Assuming Net Cash is currently \$8 million.

We have maintained these valuation factors:

1. An adjusted mineral resource calculated by the following formula: 75% credit for the M&I resources and 50% credit for the Inferred resources;
2. We are still assigning only a 5% value to the resources "in the ground" since the project is still in the Resource Definition Stage.

Upcoming Catalysts

- Results from the current 2023 diamond drilling exploration program.
- An updated NI 43-101 mineral resource estimate in 2023, which incorporates the drilling conducted in 2021, 2022, and 2023.
- Advancing the project to the Preliminary Economic Assessment (PEA) and Feasibility stages.
- Additional metallurgical tests and updated processing results.

2.0 Company and Project Overview

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



The Company acquired 100% interest in the Ferguson Lake Project, which is made up of 10 mining leases covering 96.9 km² (over 23,944 acres), and then staked claims totalling 156.9 km² (over 38,770 acres) surrounding the existing 10 mining leases in 2022 to cover all the known Base Metals and PGMs mineralized zones and outcrops in the Ferguson Lake area.

The Ferguson Lake Project now comprises an area of 253.8 km² (over 62,715 acres), containing the 10 mining leases and 851 claim units surrounding the mining leases (see [Figure 2](#) and [Figure 3](#)).

In addition, **CNRI** has also staked 50.3 km² (12,429 acres) in the Quartzite Lake area (Quartzite Lake Project) and 29.2 km² (7,215 acres) in the Kaminak Lake area (Mac Island Prospect), covering gold mineralized zones with previously drilled intervals up to 70m at 2.16 g/t and recent outcrop samples returning 52.5 g/t Au and 3.35 g/t Au. Quartzite Lake and Kaminak Lake are both in Nunavut ([Appendix D](#)). See [Section 2.5.5](#) for 2022 surface sampling results.

However, **CNRI's** primary focus is the Ferguson Lake Project, which it acquired in 2013; the project already had an existing PEA that was released in 2011. However, the 2011 PEA only focused on the Base Metals (nickel, copper, and cobalt) and did not include the PGMs, Au, or Rh in the assessment.

In June 2022, the Company released an updated NI 43-101 Mineral Resource Estimate based on a database that contained 611 historic drill holes and 186,416 metres ("m") of drilling, and 36,740 assay samples. This resource calculation included both platinum and palladium. The mineral resource, including both Open Pit and Underground resources, contains:

- 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 16](#) for the detailed Mineral Resource Estimate.

From 2021 to 2023, **CNRI** continued to de-risk the project as it invested millions of dollars on exploration and additional properties, which included funding an updated NI 43-101 compliant resource estimation, over 40,000m of drilling, in-hole geophysical surveys, surface geological mapping and geophysical surveying, and metallurgical testing.

To maximize investor reach, **CNRI** was also listed on the Frankfurt Stock Exchange under the trading symbol "E00" (E-O-zero) in 2022 and in the US on the OTCQX under the symbol "CNRSF" in May 2023.

2.1 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 (see [Figure 1](#)) and [Appendix D](#).

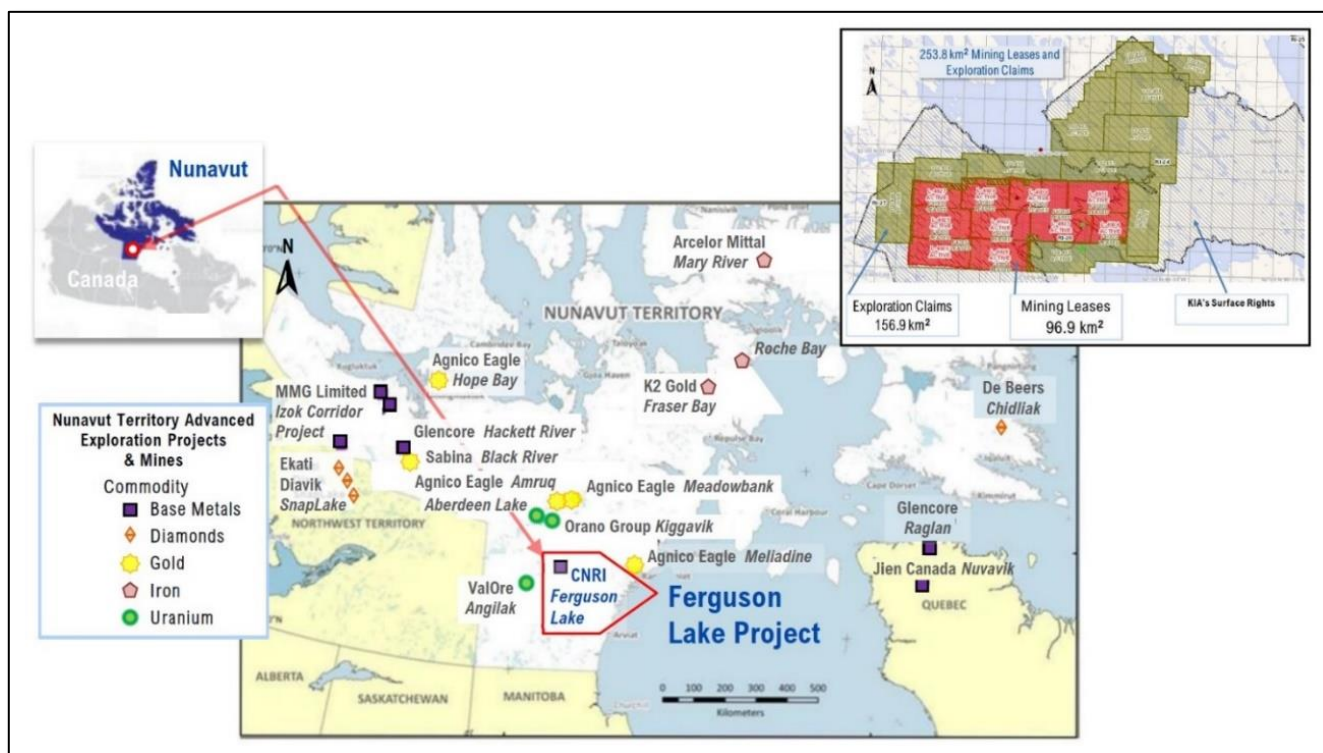
The original Ferguson Lake Property consisted of 10 contiguous mining leases comprising an area of 96.9 km² (23,935 acres). The property included a 15-km-long sulphide mineralization belt comprised of 10 zones. The project area is approximately 15 km in an east-west direction and 6 km in a north-south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

But, as previously mentioned, **CNRI** announced that it staked an additional 851 claim units totalling 156.9 km² in June 2022 surrounding the existing 10 mining leases (96.9 km²), bringing the total Ferguson Lake land package to 253.8 km² (over 62,715 acres); see [Figure 2](#) and [Figure 3](#).

However, the NI 43-101 mineral resource estimate released in July 2022 incorporated only five zones – West, West Pit (part of Central), 119, East, and East II (see [Figure 6](#), [Figure 7](#) and [Figure 17](#)) – which represent approximately 6 km of the 15-km-long mineralized belt, and are only a fraction of the total prospective exploration area.

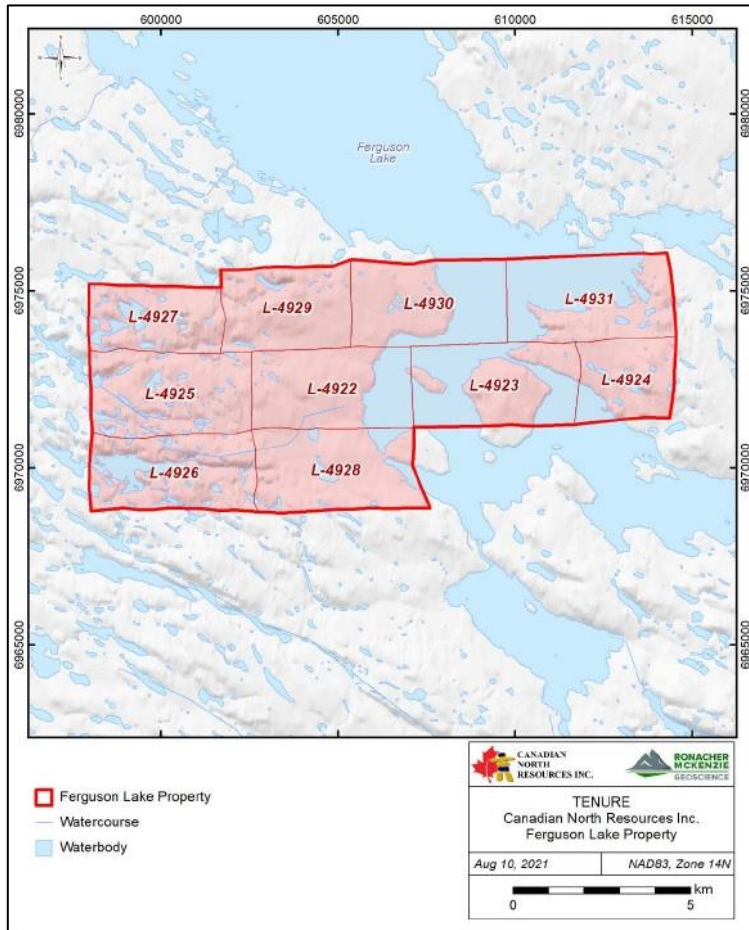
In addition, **CNRI** has an existing camp at the project that helps to reduce costs and extend the exploration season (see [Section 2.2](#)).

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



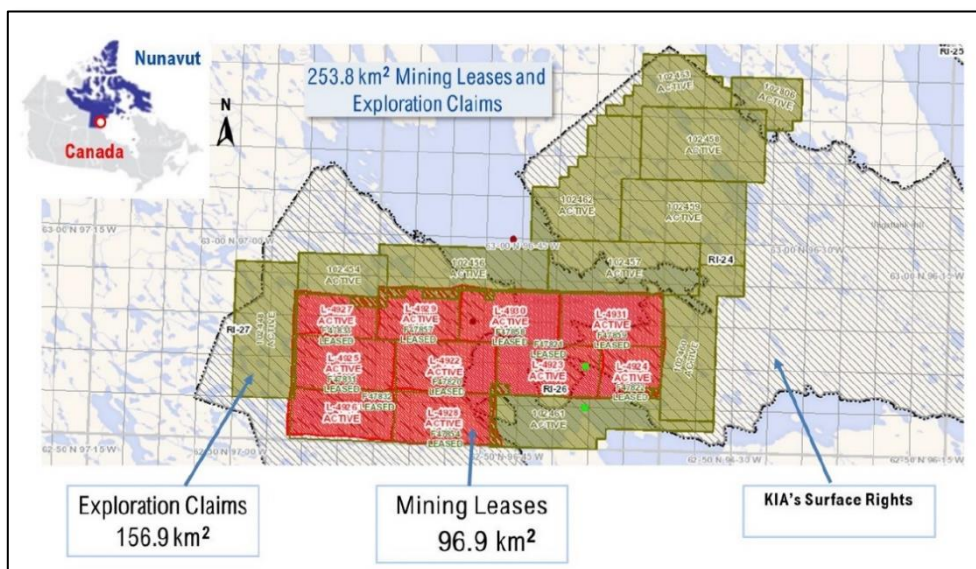
Source: Technical Report, Ferguson Lake Property, CNRI (July 18, 2021)

Figure 2: Ferguson Lake Property Mining Leases (Original 10 Mining Leases)



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

Figure 3: Updated Ferguson Lake Mining Property – Original Mining Leases in Red; Additional Exploration Claims in Green



Source: Company News Release (June 27, 2022)

2.2 Benefits of this Location

CNRI has an existing field camp at the Ferguson Lake Project. The camp consists of:

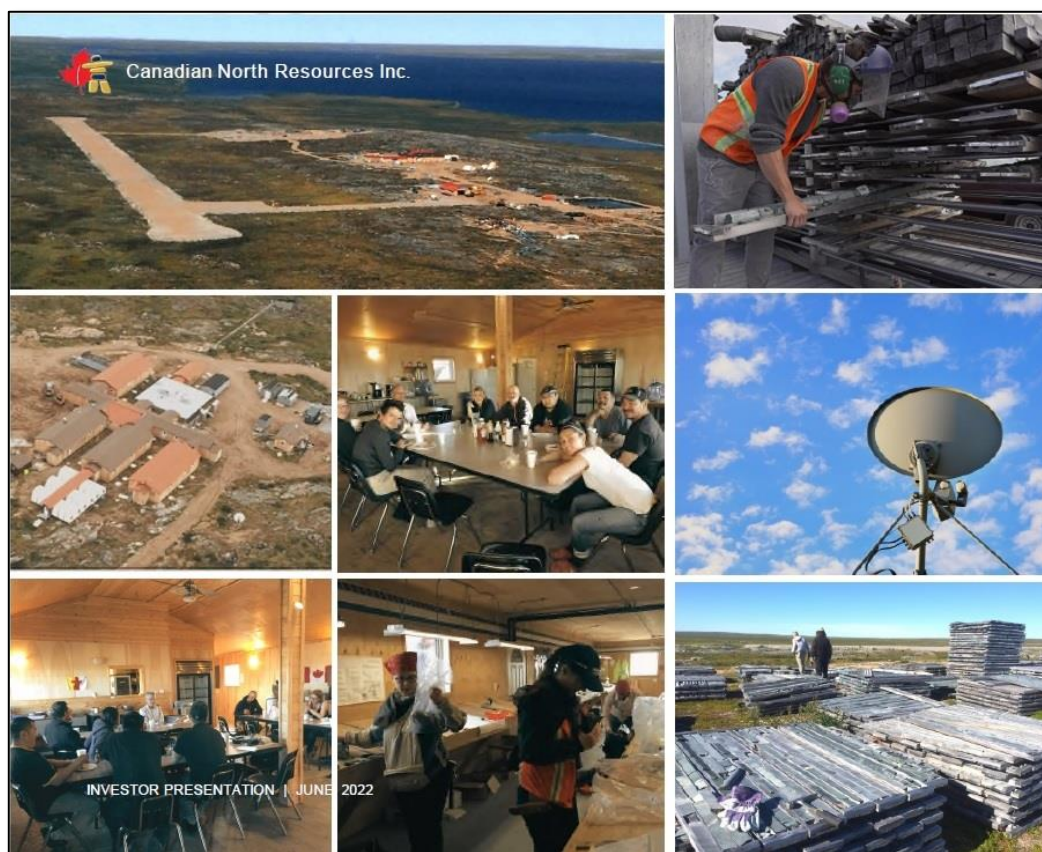
- All-year 825m x 30m gravel airstrip, 55-person field camp, and satellite network;
- Equipment garages, workshops, parts, storage, and core storage;
- Office, work areas, dining, and common areas;
- Equipment including articulating and haul trucks, Caterpillar dozer, excavator, front loaders, grader,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

In 2022, the camp was re-opened for repair and maintenance, which had 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 drainages.

In 2022, the Company used the camp as a base and completed an exploration program, including an 18,144m (68 holes) drill program (see [Section 2.5](#)).

In April 2023, **CNRI** opened the camp and commenced an exploration and diamond drilling program (see [Section 2.4](#)). A snow train transported fuel and drill materials, and a fixed-wing aircraft (Dash 7) also shipped goods to resupply the field camp.

Figure 4: Company Infrastructure at the Ferguson Lake Project



Source: Company Presentation (June 2022); Company Website

2.3 Geology and Mineralized Zones

According to **CNRI's** technical reports, the Ferguson Lake Project hosts a "typical" magmatic Massive Sulphide ("MS") zone that is over 15-km-long and contains Base Metals and PGMs, mostly Ni, Cu, Co, Pd, and Pt, but also contains Au and Rh. The Company also believes that the mineralization is comparable to the Norilsk mining area in Russia.

The project mineralization primarily includes two styles:

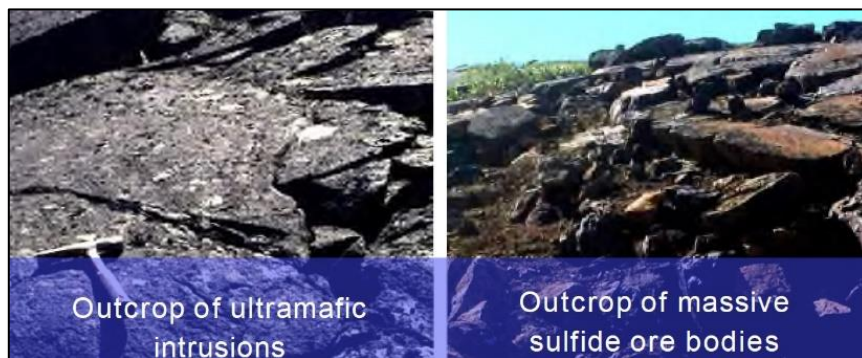
1. Nickel-copper-PGM Massive Sulphide ("MS"):
 - Contains base metals (nickel, copper, and cobalt) and PGMs (palladium and platinum).
 - The mineralization width varies from a metre to tens of metres thick.
 - E.g., Hole FL01-84: 45.9m core length at 1.34% Cu, 0.76% Ni, 1.99 g/t Pd, and 0.32g/t Pt. (See **CNRI's** [news release from April 25, 2022](#), for additional details.)
2. Low Sulphide, PGM-enriched ("LSPGM"):
 - It is low sulphide mineralization and contains lower-grade base metals but higher-grade PGMs.
 - The mineralization is up to 103.0 g/t Pd (Hole FL01-101), 43.4 g/t Pt (Hole FL04-165), and 2.58 g/t Rh (Hole FL02-132). (See **CNRI's** [news release from April 25, 2022](#), for additional details.)
 - The mineralization was intersected from the surface to a depth of over 1,200m and remains open laterally and down-dip.

However, the NI 43-101 MRE is only based on the recovery of nickel, copper, cobalt, palladium, and platinum from the West, West Pit (part of the Central), 119, East, and East II zones within five of the ten sulphide-bearing zones identified along the 15-km-long main mineralized horizon and additional prospective horizons within the project area. (See [Section 2.4.2](#) for details about the second mineralized zone that was further defined this year.)

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 [5](#), [6](#), [7](#), and [8](#)) and exhibits a fair degree of continuity and predictability over the east-west strike length.

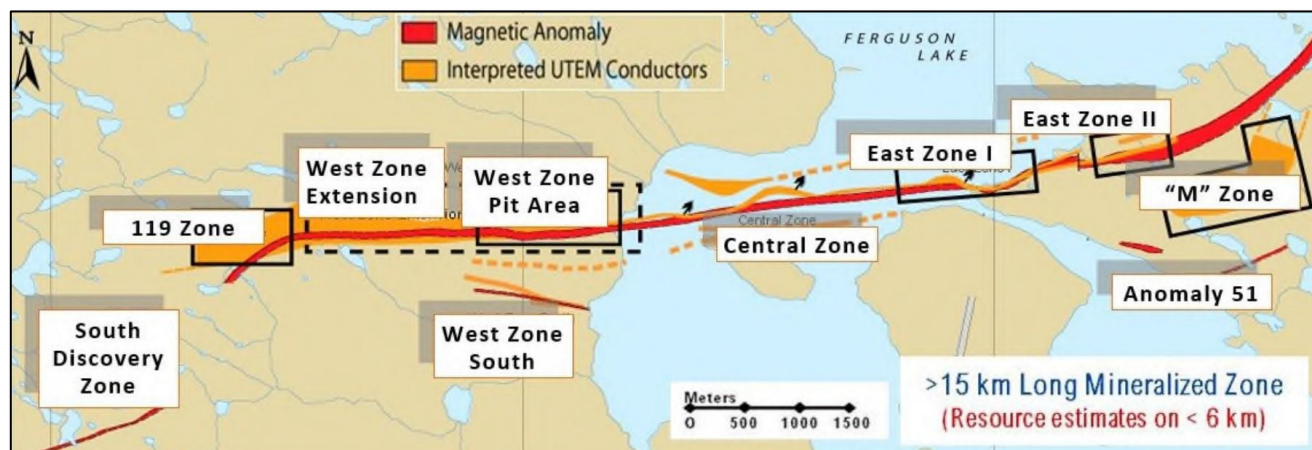
The current exploration plan focuses on the expansion of the MS targets and the delineation of potential economic resources in the LSPGM ore bodies.

Figure 5: Outcrop of Ultramafic Intrusion and Massive Sulphide Ore Body



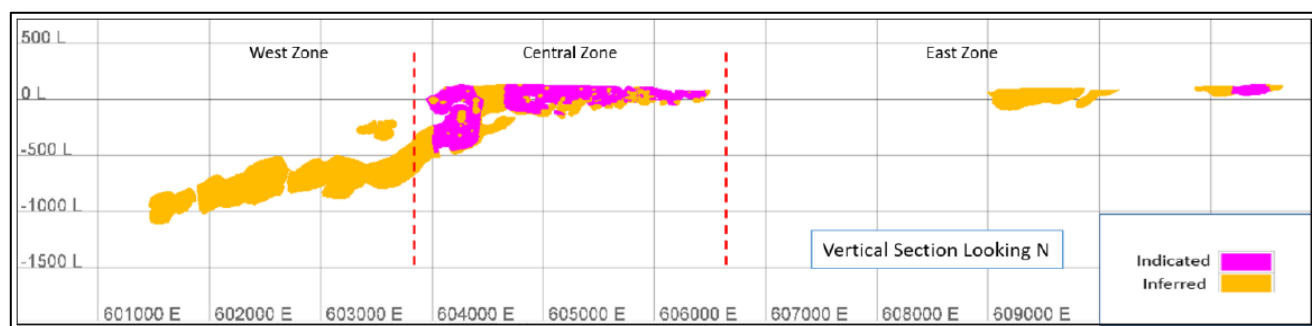
Source: Corporate Presentation (June 2022)

Figure 6: Ferguson Lake Geology and Mineralized Zones



Source: Corporate Presentation (June 2022)

Figure 7: Distribution of the Indicated and Inferred Resource Blocks at Ferguson Lake



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

2.3.1 Pegmatites Potential for Lithium Minerals at the Ferguson Lake Project

In March 2023, **CNRI** announced the discovery of granitic pegmatites that potentially contain lithium-bearing minerals across the Ferguson Lake Project, which has never been explored for its lithium potential.

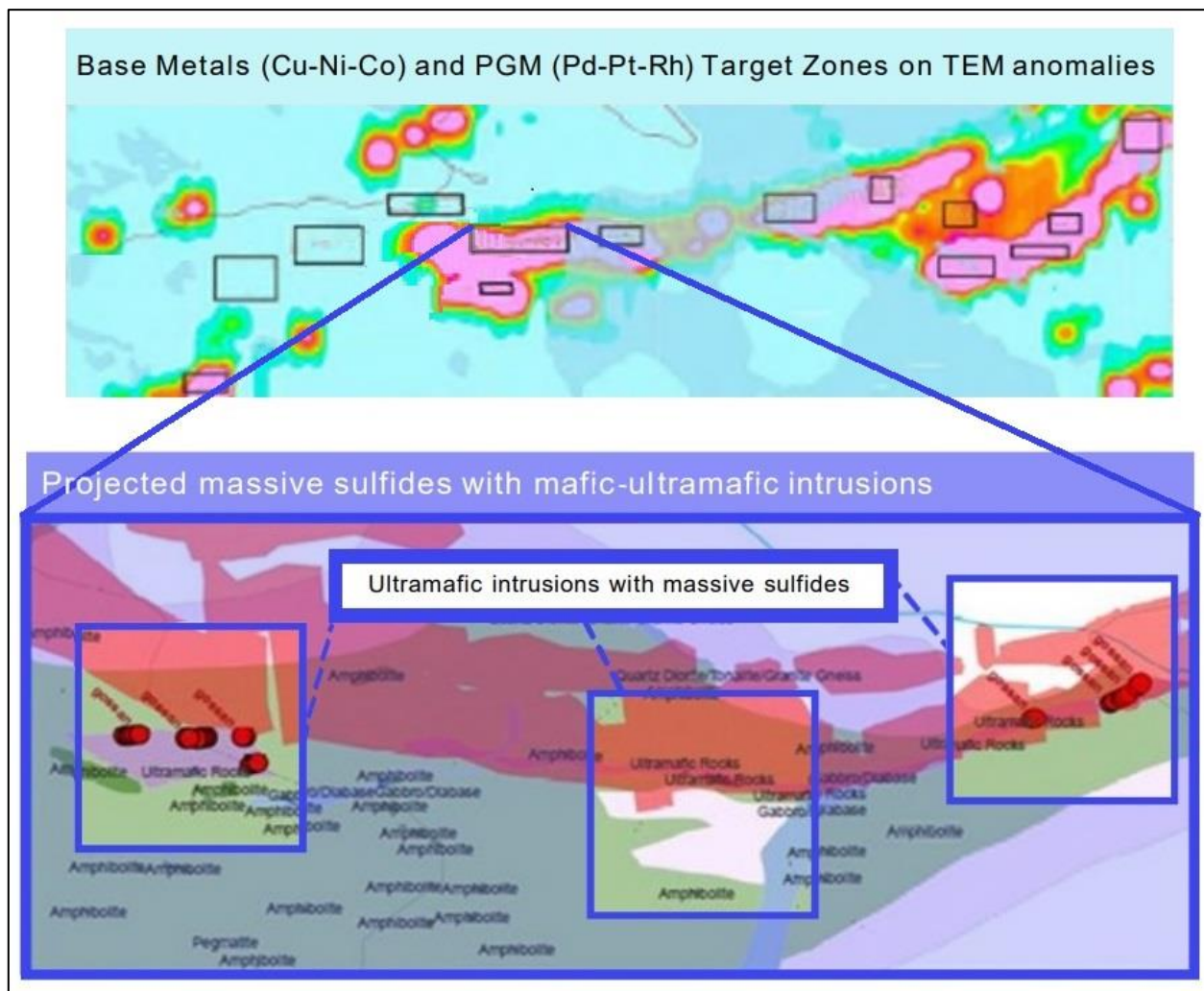
A review of regional geology using historical exploration data, geological maps, and reports conducted by governmental geological surveys and the previous project owner confirmed the favourable geological and tectonic environment for lithium mineralization, despite the lack of previous lithium exploration.

The presence of granitic pegmatites was identified in the historic geological maps within the mineralized West Zone and East Zone on the Ferguson Lake Property, accompanied by quartz diorite, granite, gneiss, and mafic outcropping rocks. The pegmatites were observed as dikes, veins, and plugs of varying width within amphibolite and gneiss.

Although the extent of these pegmatite bodies remains uncertain, they hold the potential for lithium minerals. However, the mineralogy and geochemistry have not been fully investigated.

In response, the Company plans to initiate its first lithium-focused exploration programs to investigate the potential that these granitic pegmatites host lithium minerals. The work includes geophysical surveys, geological mapping, and outcrop sampling of the pegmatite dike swarms and veins. The findings from these initial steps will guide any subsequent drilling planned in 2023.

Figure 8: Target Zones Overlain on Ferguson Lake Conductive Zones and Massive Sulphides with Mafic-Ultramafic Intrusions in the West Zone



Source: Corporate Presentation (June 2022)

2.4 Ongoing Exploration Programs (2023)

2.4.1 Overview of 2023 Exploration Plans

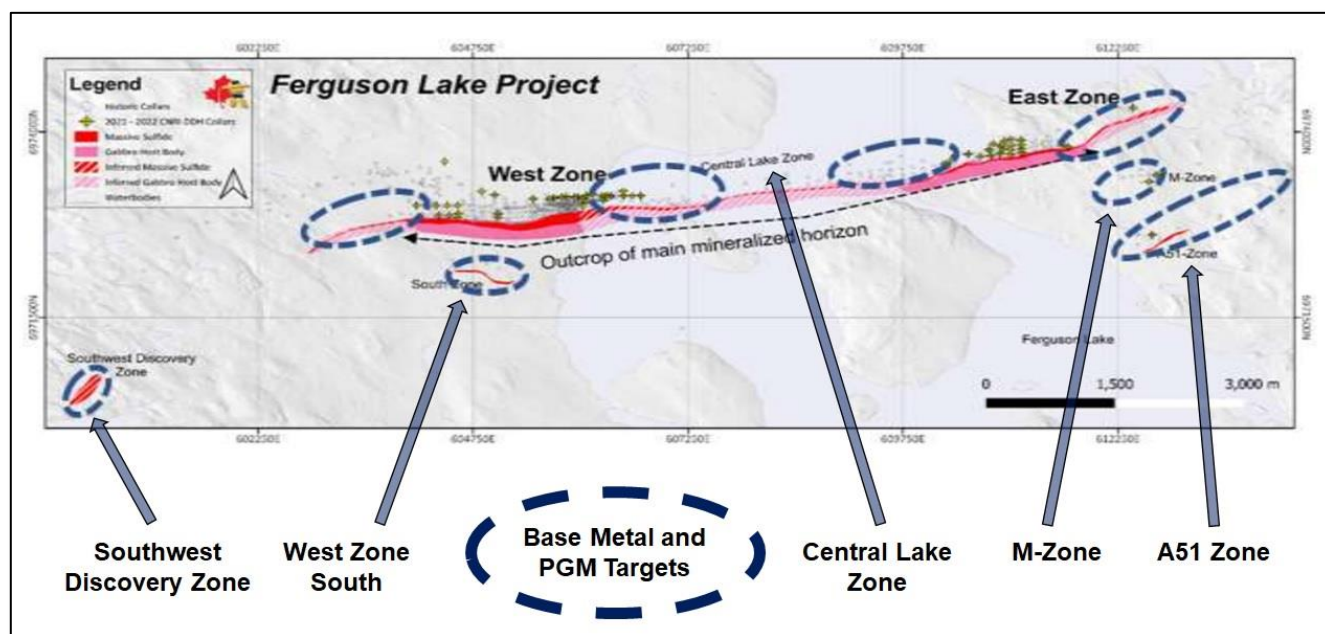
In April, **CNRI** announced the start of a 75-hole, 20,000m diamond drilling program at the Ferguson Lake Project for 2023. The Company plans to focus on testing high-grade base metal and PGM targets along the main mineralized horizon to expand and update the mineral resources.

Additionally, **CNRI** plans to explore the lithium potential of the extensive pegmatites identified on the Ferguson Lake Property, which are exposed on the surface. (See [Section 2.3.1](#) for additional details on the lithium potential at the Ferguson Lake Project.)

The upcoming drill program aims to further extend the West and East zones along strike and down-dip from the 2022 drill holes. (See [Section 2.5](#) for additional details on the 2022 Exploration Program.) It also aims to define new near-surface resources within the separate M-Zone and A51 Zone and explore targets in the east extensions of the East Zone and A51 Zone, West Zone South, and Southern Discovery Zone, as well as potential lithium-bearing pegmatite targets (see [Figure 9](#)).

The Company will continue to prioritize the definition of near-surface open-pit resources and the expansion of high-grade PGE mineralization zones at depth.

Figure 9: Base Metal and PGM Targets for the 2023 Drilling Program at the Ferguson Lake Project



Source: CNRI News Release (April 3, 2023); eResearch Corp. (annotations)

2.4.2 Completion of the Spring 2023 Diamond Drilling Program

In May, **CNRI** announced the completion of its spring, 21-hole, diamond drilling program on ice, consisting of 6,151m.

The objective of the spring on-ice program was to conduct testing on the main mineralized horizon spanning across Ferguson Lake. The focus was to complete the definition drilling of the East Zone 1, extending it westward, and further expanding the West Zone towards the east to connect both zones with the Central Zone within the lake (see [Figure 9](#)).

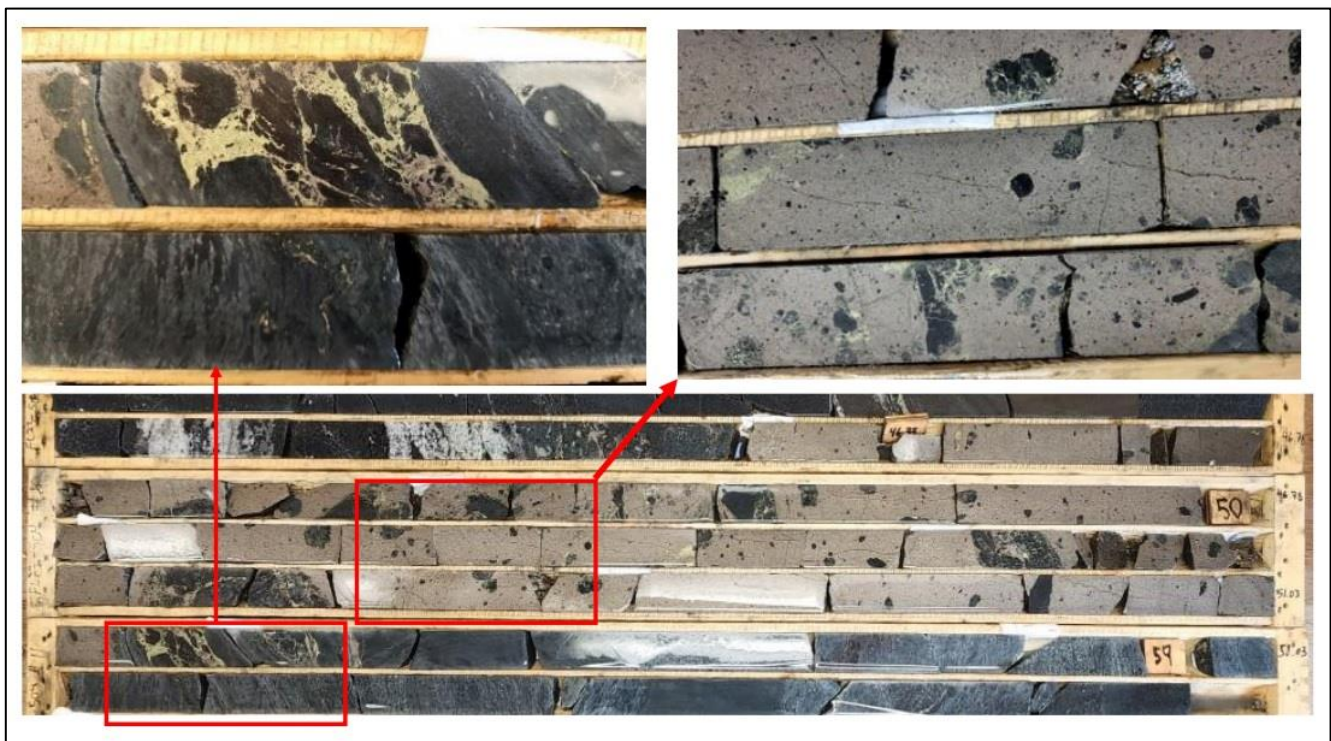
The Company reported that during the drill program, massive sulphides of the main horizon were intersected in 17 out of the 21 holes (see [Figure 10](#)). Additionally, a second parallel disseminated sulphide zone was also intersected, located approximately 200m south of the Central Zone.

This discovery of the second zone was identified as a separate target through the compilation and replotting of an interpreted historic airborne VTEM conductor. Further exploration and evaluation of this zone will be carried out during the summer, utilizing a nearby island as a platform for additional drilling.

The core samples were submitted for analysis and the results are pending. By the end of 2023, the Company plans to release an update to the NI 43-101 Mineral Resource Estimate that was published in 2022. The updated resource calculation should include all drilling from 2021 to 2023 that was not included in the 2022 Mineral Resource Estimate.

In May, **CNRI** temporarily halted drilling to accommodate the spring break-up of the ice on Ferguson Lake and the caribou migration across the property. The Company resumed drilling in June, operating with three drills, with a fourth drill to be added by the end of June. This phase of the drill program is to expand and upgrade the near-surface, open-pit mineralization at the Ferguson Lake Project and complete the balance of the 20,000m and 75-hole program by the end of the 2023 exploration season.

Figure 10: Massive Sulphides Intersected in Hole FL23-504 at the Ferguson Lake Project



Source: CNRI News Release (May 29, 2023)

2.5 Completed Exploration Programs (2022)

2.5.1 Overview of 2022 Drill Results

In 2022, **CNRI** invested \$14.9 million on exploration and evaluation assets, which included funding an updated NI 43-101 compliant resource estimation, an 18,144m drill program (68 holes), an in-hole geophysical survey, surface geological mapping and geophysical surveying, and metallurgical testing.

The updated resource was issued on June 13, 2022 (see [Section 3.1](#)). Only five zones (West, West Pit (part of the Central, 119, East, and East II) were incorporated into the Updated NI 43-101 MRE; in total, ten mineralized zones can be drilled for additional resources along the 15-km-long main mineralized horizon.

Ending in mid-October 2022, **CNRI** utilized three drill rigs to complete 18,144m (68 holes) of drilling at the Ferguson Lake Project to expand the mineral resources from the surface to the depth of 1,200m along the confirmed high-grade nickel, copper, palladium, and platinum mineralized zones.

The 2022 program was divided into two phases:

- The Phase 1 program was designed to test some of the historic drill results, define the resources of the MS zones and LSPGM zones at depth in the West Main, West Pit, and East II zones, and to test the extension of the West and East zones along strike under Ferguson Lake (see [Figure 6](#));
- The Phase 2 drill program focused on the near-surface open-pit resource definition and the expansion of the LSPGM mineralization at depth along the 15-km-long main mineralized horizon.

During the fall of 2022 and early in 2023, **CNRI** released the assay results from its drill program. The program focused on the West and East zones of the main mineralized horizon, aiming to expand and upgrade the property's mineral resources and confirm the two styles of mineralization.

Confirming the Two Styles of Mineralization in the West and East Zones

The assay results confirmed two mineralization styles in the West and East zones (see [Section 2.3](#) for additional information):

1. Nickel-copper-PGM Massive Sulphide ("MS") Zones
 - Three MS zones were drilled for the resource estimate in the West Zone with indicative historic drill results that include:
 - Hole FL01-84 (from 2001): 1.10%Cu, 0.64% Ni, 0.07% Co, 1.60g/t Pd, and 0.29 g/t Pt over 46.9m.
 - Hole FL06-261 (from 2006): 0.93% Cu, 0.49% Ni, 0.06% Co, 1.21g/t Pd, and 0.28 g/t Pt over 75.9m.
2. Low Sulphide, PGM-enriched ("LSPGM") Zones
 - Low sulphide bodies, PGM-enriched, with high Pd grades and drill results that included:
 - Hole FL21-433 (from 2021): 0.02% Cu, 0.03% Ni, 0.01% Co, 1.08g/t Pd, 0.25 g/t Pt over 16m from 354m-370m.
 - Hole FL22-460 (from 2022): 0.02% Cu, 0.08% Ni, 0.01% Co, 0.99 g/t Pd, 0.51 g/t Pt over 36m from 148m-184m.

Infill Drilling Confirms the Continuity

In detail, 27 holes were drilled to infill previously drilled holes to confirm the continuity of the known mineralized zones to upgrade the existing mineral resource. These holes were designed to infill and expand the near-surface mineralization that has been historically drilled since the 1950s.

The Company believes that the results will expand the block model and enlarge the high-grade and near-surface mineral resources. These results will be incorporated into the dataset to improve the block model for an updated resource estimate that is expected later this year.

Expansion Holes Extend the Mineralized Zones Over 1,300m Along Strike and at Depth

Another 37 drill holes were stepped out from previous holes by 50m to 100m and have expanded the near-surface mineralization to the west of the East Zone and to the east of the West Zone by a total of 1,500m along strike outside of the existing block model. Additionally, the drilling identified the down-dip extensions at multiple locations.

Mining License Area Exploration

Finally, four holes successfully tested anomalies (Anomaly 51 and M Zone) outside of the main mineralized horizons located to the southeast of the East Zone.

Figure 11: Core Results from the 2022 Summer Drill Program



Source: CNRI News Release (September 12, 2022)

2.5.2 Details of 2022 Drill Results

[Figure 14](#) and [Appendix B](#) provide a summary of the holes intersecting the mineralized zones, including significant intersections such as nickel-copper-PGM massive sulphides and PGM-enriched low sulphide bodies.

The drilling results:

- Confirmed the extension of mineralized zones beyond the existing resource model with the potential for further resource expansion at the Ferguson Lake property along strike and down-dip;
- Successfully confirmed the continuity of mineralized zones, expanded near-surface mineralization zones, and tested the potential for enlarging the mineral resources to support future mine development;
- Should expand the block model and enlarge the high-grade and near-surface mineral resources.

Highlight holes included:

- Hole FL22-442: 1.28% Cu, 0.81% Ni, 0.09% Co, 2.02 g/t Pd, and 0.29 g/t Pt over 31.0m;
- Hole FL22-470: 1.11% Cu, 0.71% Ni, 0.10% Co, 1.29 g/t Pd, 0.15 g/t Pt, and 0.050 g/t Rh over 21.0m;
- Hole FL22-443: 0.80% Cu, 0.52% Ni, 0.06% Co, 1.38 g/t Pd, and 0.19 g/t Pt over 28.45m;
- Hole FL21-436: 1.72% Cu, 0.81% Ni, 0.07% Co, 2.07 g/t Pd, and 0.23 g/t Pt over 10.0m;
- Hole FL22-457: 0.99% Cu, 0.54% Ni, 0.09% Co, 1.11 g/t Pd, and 0.15 g/t Pt over 12.35m;
- Hole FL22-494: 0.44% Cu, 0.30% Ni, 0.04% Co, 0.57 g/t Pd, 0.09 g/t Pt, and 0.03 g/t Rh over 22.0m;
- Hole FL22-471: 0.96% Cu, 0.58% Ni, 0.09% Co, 1.03 g/t Pd, 0.17 g/t Pt, 0.01 g/t Rh, and 0.03 g/t Au over 9.90m;
- Hole FL21-435: 1.15% Cu, 0.64% Ni, 0.08% Co, 1.70 g/t Pd and 0.24 g/t Pt over 7.40m;
- Hole FL22-469: 0.48% Cu, 0.30% Ni, 0.04% Co, 0.55 g/t Pd, and 0.12 g/t Pt over 16.7m;
- Hole FL22-490: 0.36% Cu, 0.24% Ni, 0.03% Co, 0.55 g/t Pd, 0.08 g/t Pt, 0.02 g/t Rh, and 0.02g/t Au over 20.3m.

Most of the highlight hole grades were higher than the Indicated and Inferred Mineral resource grades (see [Figure 16](#)) and intervals of mineralization were mineable widths.

- Hole FL22-442 was one of the “best” holes ever drilled with copper and palladium grades almost 44% and 45% higher than the average copper and palladium grades, respectively, in the existing mineral resource. It was located east of the main West Zone, which supports the possible extension of the existing resource.
- It is important to have similar grades from additional drilling because it can better represent the extent and continuity of an ore body.
- If the grades of an ore deposit exhibit variability, then a larger number of drill holes will be necessary to define the resource.
- In addition, drill results with wider intervals of mineralization are easier to exploit and thus can be more cost-effective.

2.5.3 Ferguson Lake Project – West Zone Drilling Summary (2022)

In the West Zone, the drill program involved 38 drill holes, comprised of 15 infilled holes and 23 expansion holes, each stepping out 50m to 100m beyond the previous holes. Highlight infill and expansion drill holes from 2022 in the West Zone are illustrated in [Figure 12](#).

The purpose of the expansion hole drilling was to confirm:

- The northward down-dip extension of the main West and West Extension mineralized zones;
- The near-surface strike extension to the east and west of the West Zone.

The results aligned with the updated resource model, confirming the extension of these zones by 100m to 200m for a total possible strike extension of approximately 800m.

Assay results from the drilled holes confirmed the presence of near-surface base metal and PGM MS zones, as well as underlying LSPGM zones.

The near-surface sulphide zones exhibited various forms, including massive sulphide, semi-massive sulphide, and disseminated sulphide, with intersecting widths reaching up to 31m.

The grades of these zones varied, with notable values such as up to 10.0% Cu, 1.81% Ni, 0.40% Co, 2.45 g/t Pd, 0.50 g/t Pt, 0.186 g/t Rh, 2.19 g/t Au, and 49 g/t Ag. Au, Ag, and Rh were intermittently enriched in proximity to ultramafic rocks along the mineralization zones.

Additionally, the underlying PGM-enriched low-sulphide mineralization displayed wide intersections of up to 36m, with PGM grades reaching up to 8.65 g/t Pd and 4.43 g/t Pt.

While copper and nickel levels were generally low in this type of mineralization, they exhibited enrichment in multiple thin layers, typically measuring less than 2.5m, within the thick PGM-mineralized intersections.

2.5.4 Ferguson Lake Project – East Zone Drilling Summary (2022)

In the East Zone, the drill program covered 4,675m and 26 drill holes, comprised of 12 infilled holes and 14 expansion holes, each stepping out 50m to 100m beyond the previous holes. Highlight infill and expansion drill holes from 2022 in the East Zone are illustrated in [Figure 13](#).

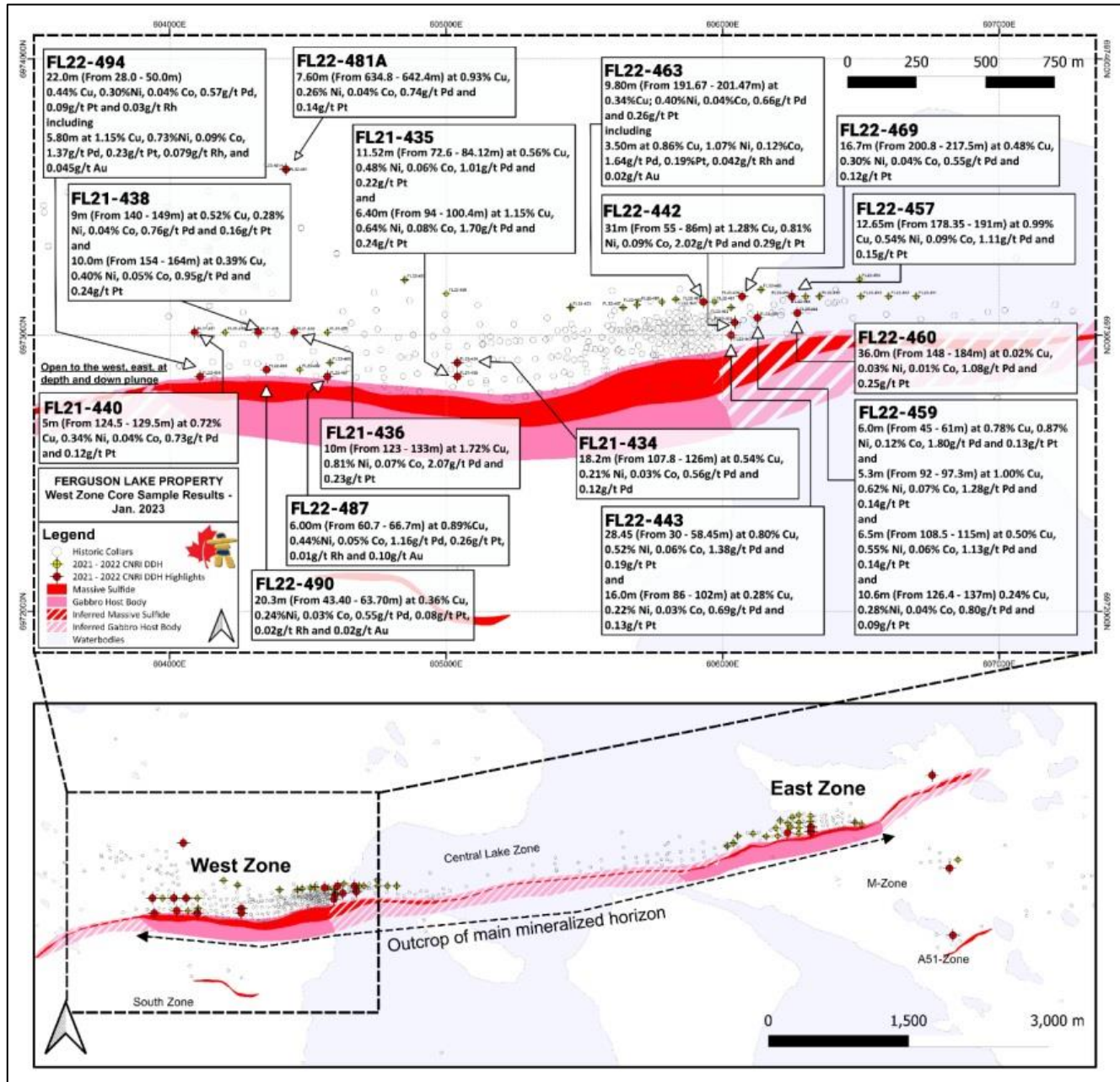
The expansion holes were drilled to investigate the near-surface mineralization, which had been historically explored since the 1950s, and confirmed the extension of the mineralization towards the west and east of the East Zone, spanning approximately 700m.

Notably, two drill holes (FL22-486 and FL22-486A) confirmed a new eastern extension of the mineralized zone along the strike, approximately 800m away from the previous hole (Inco hole 9452 from the 1950s).

Furthermore, four additional holes drilled southeast of the East Zone successfully tested adjacent near-surface satellite mineralized horizons, namely the M-Zone and A51 Zone. Assay results from the drill holes confirmed the presence of near-surface massive, semi-massive, and disseminated base metal and PGM sulphide zones. The intersecting widths varied, reaching up to 21m, and the grades also exhibited variability, reaching up to 4.01% Cu, 1.07% Ni, 0.20% Co, 2.73 g/t Pd, 1.38 g/t Pt, 0.10 g/t Rh, 0.25 g/t Au, and 12 g/t Ag.

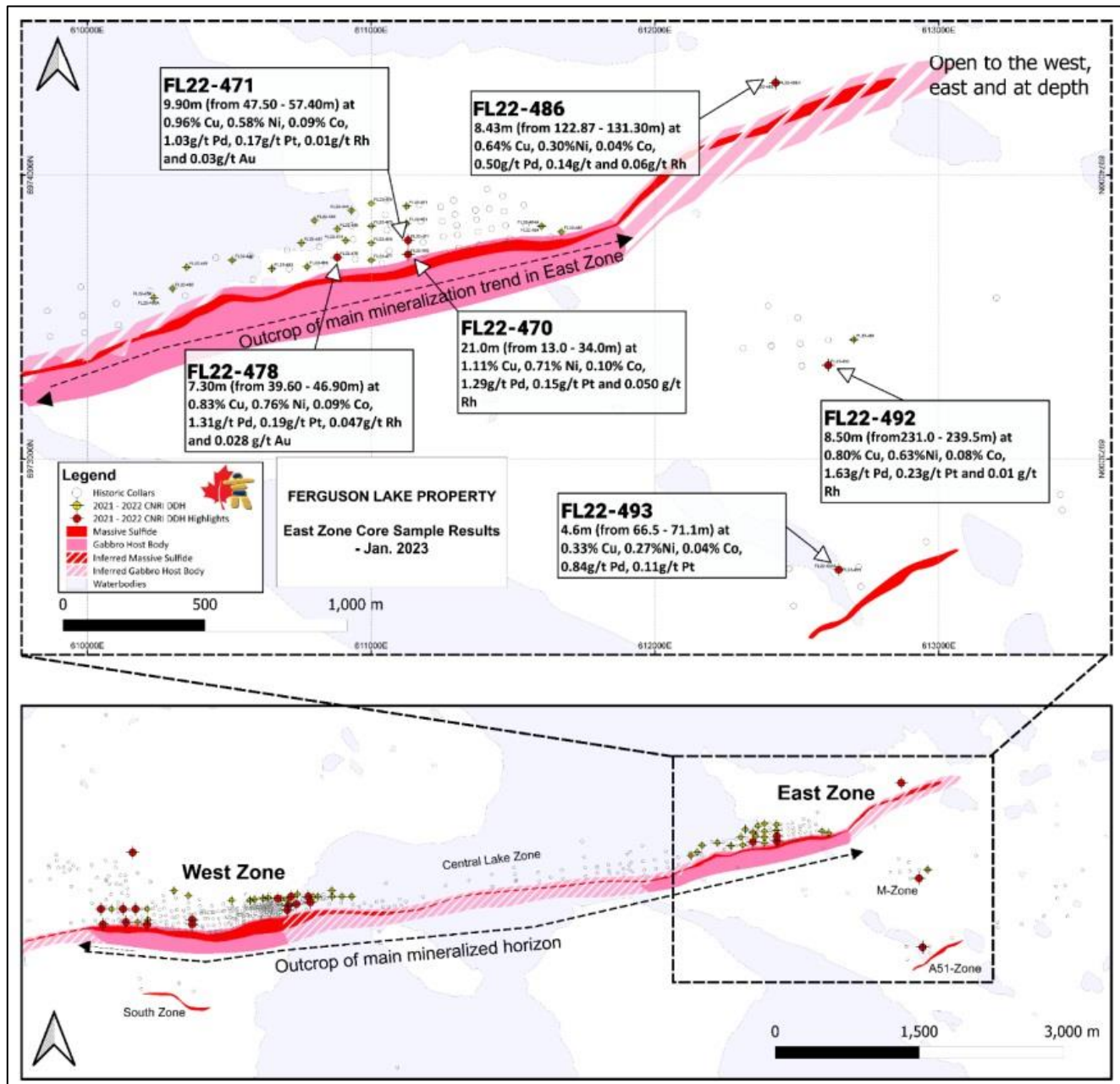
In addition, PGM-enriched low sulphide mineralization was discovered beneath the near-surface massive sulphide zone, with intersecting widths of up to 11m (Hole FL22-475). The PGM grades in these areas ranged from 1.0 g/t to 2.0 g/t Pd and Pt. All of the drill holes were shallow, with depths less than 250m, as the primary objective was to expand the near-surface mineral resources.

Figure 12: Ferguson Lake Project – West Zone Infill and Expansion Drill Holes (2022)



Source: CNRI News Release (February 21, 2023)

Figure 13: Ferguson Lake Project – East Zone Infill and Expansion Drill Holes (2022)



Source: CNRI News Release (February 21, 2023)

Figure 14: First Batch of 2022 Drills Results (22 of 28 Holes) Hosting Significant Metal Grades and Widths (>2.5m)

Hole	From (m)	To (m)	Width (m)	Cu (%)	Ni (%)	Co (%)	Pd (g/t)	Pt (g/t)	Rh (g/t)	Au (g/t)	
FL21433	175.65	175.95	0.30	0.18	1.14	0.13	2.50	0.04	0.12	0.02	
	251.00	263.00	12.00	0.01	0.04	0.01	0.82	0.76	0.01	0.00	
	<i>Incl</i> 259.00	<i>260.00</i>	<i>1.00</i>	<i>0.03</i>	<i>0.50</i>	<i>0.01</i>	5.02	1.32	<i>0.00</i>	<i>0.01</i>	
	271.00	275.00	4.00	0.06	0.04	0.01	0.92	0.17	0.00	0.00	
	280.00	290.00	10.00	0.01	0.04	0.01	1.04	0.46			
	354.00	370.00	16.00	0.02	0.08	0.01	0.99	0.51			
FL21434	107.80	126.00	18.20	0.54	0.21	0.03	0.56	0.12			
FL21435	72.60	84.12	11.52	0.56	0.48	0.06	1.01	0.22			
→	93.50	100.40	7.40	1.15	0.64	0.08	1.70	0.24			
	171.00	175.00	4.00	0.16	0.07	0.01	2.06	0.06			
→	FL21436	123.00	133.00	10.00	1.72	0.65	0.07	1.51	0.23	0.02	0.07
	<i>Incl</i> 129.00	<i>130.00</i>	<i>1.00</i>	8.06	0.31	0.07	1.31	0.34	0.03	0.29	
	136.00	137.00	1.00	0.98	0.03	0.01	0.02	0.01	0.00	0.08	
	155.00	162.00	7.00	0.20	0.12	0.01	0.39	0.12			
FL21437	164.20	170.00	5.80	0.59	0.49	0.06	1.22	0.18			
FL21438	140.00	149.00	9.00	0.52	0.28	0.04	0.76	0.16	0.01	0.03	
	154.00	164.00	10.00	0.39	0.40	0.05	0.95	0.24	0.05	0.07	
FL21439	132.00	137.00	5.00	0.38	0.21	0.03	0.41	0.09			
FL21440	113.45	121.50	8.05	0.24	0.15	0.03	0.31	0.06			
	124.50	129.50	5.00	0.72	0.34	0.04	0.73	0.12	0.06		
FL21441	135.00	141.00	6.00	0.32	0.19	0.03	0.38	0.07	0.03		
	150.00	155.00	5.00	0.32	0.22	0.04	0.47	0.19			
FL22442	43.00	47.00	4.00	0.58	0.57	0.07	1.15	0.14	0.01	0.05	
→	55.00	86.00	31.00	1.28	0.81	0.09	2.02	0.29	0.01	0.04	
	125.00	136.00	11.00	0.06	0.06	0.01	1.22	0.32			
	155.00	164.00	9.00	0.01	0.03	0.01	0.81	0.39			
FL22443	22.25	24.90	2.65	0.49	0.55	0.06	1.02	0.13			
→	30.00	58.45	28.45	0.80	0.52	0.06	1.38	0.19			
	86.00	102.00	16.00	0.28	0.22	0.03	0.69	0.13			
	135.00	138.00	3.00	0.50	0.52	0.06	1.48	0.43			
FL22444	210.00	216.00	6.00	0.08	0.07	0.01	0.61	0.14			
FL22446	211.00	213.60	2.60	0.35	0.13	0.01	0.62	0.10			
FL22447	137.00	140.00	3.00	0.03	0.06	0.01	0.84	0.09			
FL22449	188.00	191.00	3.00	0.25	0.24	0.03	0.44	0.07			
FL22450	60.30	65.35	5.05	0.26	0.38	0.04	0.75	0.06			
	74.00	81.00	7.00	0.40	0.27	0.03	0.48	0.06			
FL22455	122.31	123.31	1.00	3.80	0.08	0.02	0.49	0.04	0.00	0.10	
	189.00	190.00	1.00	0.02	0.02	0.01	3.52	2.74	0.00	0.01	
FL22456	83.00	84.00	1.00	0.30	0.35	0.08	0.38	0.69	0.01	0.01	
	200.75	201.50	0.75	0.30	0.45	0.20	1.34	0.14	0.01	0.01	
	224.50	228.50	4.00	0.27	0.17	0.02	0.76	0.14			
FL22457	172.40	173.12	0.82	0.79	0.65	0.17	1.76	0.41	0.01	0.00	
→	178.65	191.00	12.35	0.99	0.54	0.09	1.11	0.15			
	242.00	243.00	1.00	0.17	0.18	0.03	5.57	0.51	0.00	0.02	
FL22458A	65.00	70.00	5.00	0.21	0.13	0.02	0.34	0.04			
→	FL22459	45.00	51.00	6.00	0.78	0.87	0.12	1.80	0.13	0.02	0.04
	92.00	97.30	5.30	1.00	0.62	0.07	1.28	0.20	0.04	0.02	
	108.50	115.00	6.50	0.50	0.55	0.06	1.13	0.14	0.02	0.01	
	126.40	137.00	10.60	0.24	0.28	0.04	0.80	0.09	0.01	0.00	
FL22460	71.73	72.25	0.52	0.49	0.80	0.08	1.16	0.16	0.01	0.02	
	77.00	77.50	0.50	1.36	0.81	0.07	1.21	0.30	0.01	0.01	
	79.50	87.00	7.50	0.00	0.07	0.01	0.63	0.18			
	98.00	104.00	6.00	0.43	0.49	0.07	0.93	0.13	0.01	0.02	
	124.30	125.06	0.76	1.55	1.00	0.09	1.63	0.10	0.04	0.02	
	148.00	184.00	36.00	0.02	0.03	0.01	1.08	0.25			
<i>Incl</i>	<i>148.00</i>	<i>149.50</i>	<i>1.50</i>	<i>0.02</i>	<i>0.03</i>	<i>0.01</i>	5.10	0.78			
<i>Incl</i>	<i>155.50</i>	<i>156.75</i>	<i>1.25</i>	<i>0.01</i>	<i>0.02</i>	<i>0.00</i>	6.07	0.12		0.01	
<i>Incl</i>	<i>180.50</i>	<i>182.00</i>	<i>1.50</i>	<i>0.03</i>	<i>0.03</i>	<i>0.00</i>	3.38	0.03			
	270.50	274.20	3.70	0.01	0.06	0.01	0.81	0.49			

Source: CNRI News Release (September 12, 2022), eResearch Corp. (annotations)

2.5.5 Surface Sampling Results from 2022 Explorations Programs

CNRI has staked claims totalling 156.9 km² (over 38,770 acres) surrounding its existing mining leases in the Ferguson Lake area ("exploration areas"), covering all the known Base Metals and PGMs mineralized zones and outcrops.

In addition, **CNRI** has also staked 50.3 km² (12,429 acres) in the Quartzite Lake area (Quartzite Lake Project) and 29.2 km² (7,215 acres) in the Kaminak Lake area (Mac Island Prospect), covering gold mineralized zones with previously drilled intervals of 2.16 g/t Au over 70 m.

Surface Sampling Results from 2022 Programs at Ferguson Lake, Kaminak Lake, and Quartzite Lake

In January 2023, **CNRI** reported the assay results for the surface sampling programs that indicate the new base metal (nickel, copper, and cobalt) and PGM showings in exploration areas at the Ferguson Lake Project and gold-copper mineralization at its 100%-owned Quartzite Lake Project and Mac Island Prospect.

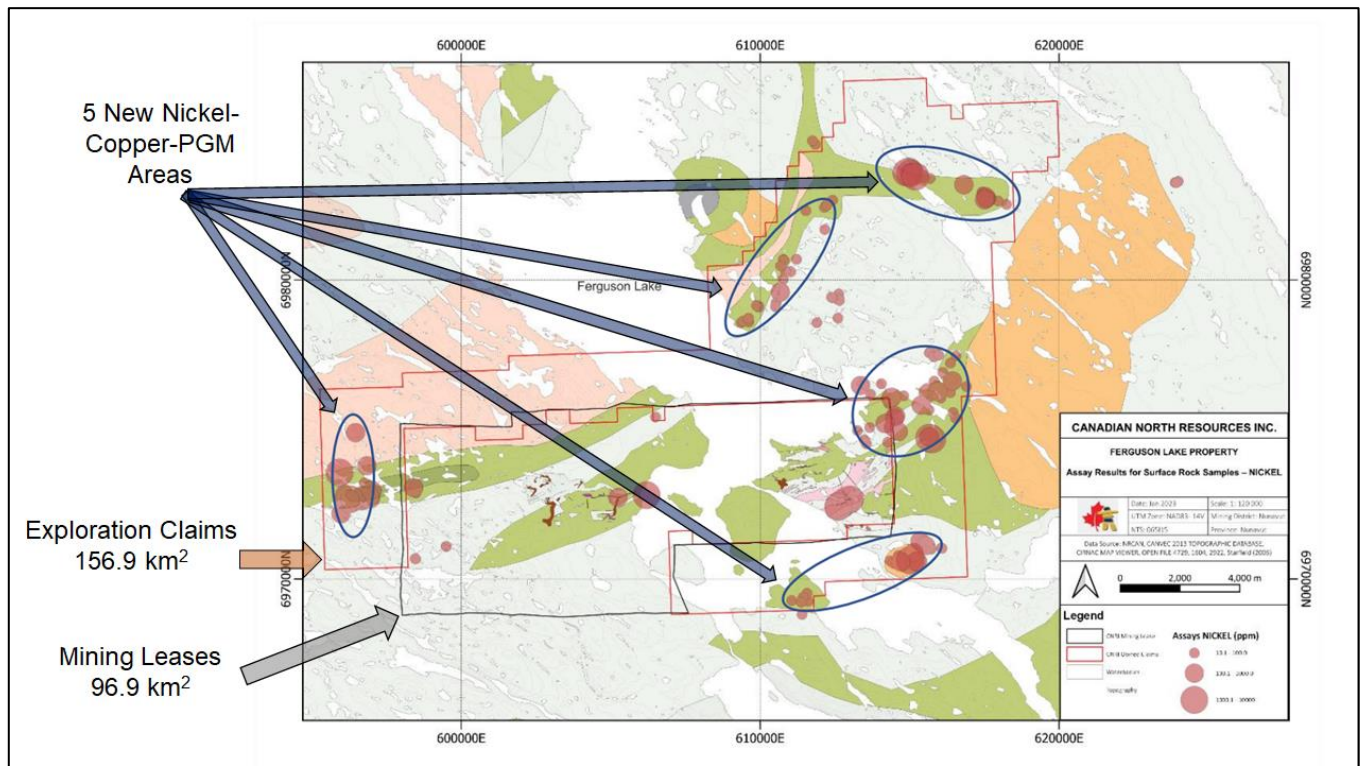
The surface sampling programs collected 353 samples from the mineralized outcrops at the Ferguson Lake Exploration areas and 194 samples from the outcrops at the Mac Island Prospect and Quartzite Lake Project.

Highlights from the surface sampling include:

- Ferguson Lake Project:
 - The surface sampling focused on the gossan outcrops in the Ferguson Lake Exploration areas and high-grade nickel-copper-PGM was found with grades up to 5.0% Cu, 0.99% Ni, 0.15% Co, 2.70 g/t Pd, 0.62 g/t Pt, and 1.14 g/t Au;
 - The results indicate five new nickel-copper-PGM mineralized in the exploration claims outside the established mineral resources along the 15-km known mineralized horizon at the Ferguson Lake Project (see [Figure 15](#));
 - Similar styles of base metal and PGM-rich mineralization as the established mineral resource.
- Mac Island and South Mac Island Prospect:
 - High-grade gold (up to 52.3 g/t) was found in outcrops throughout an area of 600m by 600m.
- Quartzite Lake Project:
 - Copper and gold mineralization, with up to 0.62% copper, 0.74 g/t gold as well as anomalous silver (up to 81.3 g/t), lead, and zinc values found on outcrops over an area of 8.5 km by 4.0 km.

The Company believes there is potential for exploration upside in the exploration areas at the Ferguson Lake Project and is planning follow-up exploration programs in 2023, which would include detailed sampling, outcrop geological mapping, a ground geophysical survey, and drilling.

Figure 15: Five New Nickel-Copper-PGM Areas Identified from the Outcrop Samples at the Ferguson Lake Exploration Area



Source: Company News Release (January 9, 2023); eResearch Corp. (annotations)

3.0 Technical Reports and Metallurgical Testing

3.1 Updated NI 43-101 Mineral Resource Estimate

In June 2022, **CNRI** announced an updated Mineral Resource Estimate (“MRE”) for the Ferguson Lake Project based on a database that contained 611 historic drill holes, 186,416m of drilling, and 36,740 assay samples.

Only five zones (West, West Pit (part of the Central), 119, East, and East II zones) were incorporated into the Updated NI 43-101 MRE, which represent approximately 6km of the 15-km-long mineralized belt (see [Figure 7](#)). In total, ten mineralized zones can be drilled for additional resources.

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 18](#)).

The drill results from 2021 to 2023 have not been incorporated into the 2022 MRE. We are anticipating an updated MRE incorporating the 2021, 2022, and 2023 drill results by the end of this year.

The high-grade open pit in the 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.

Rhodium and gold were not historically systematically assayed so are not included in the resource modelling.

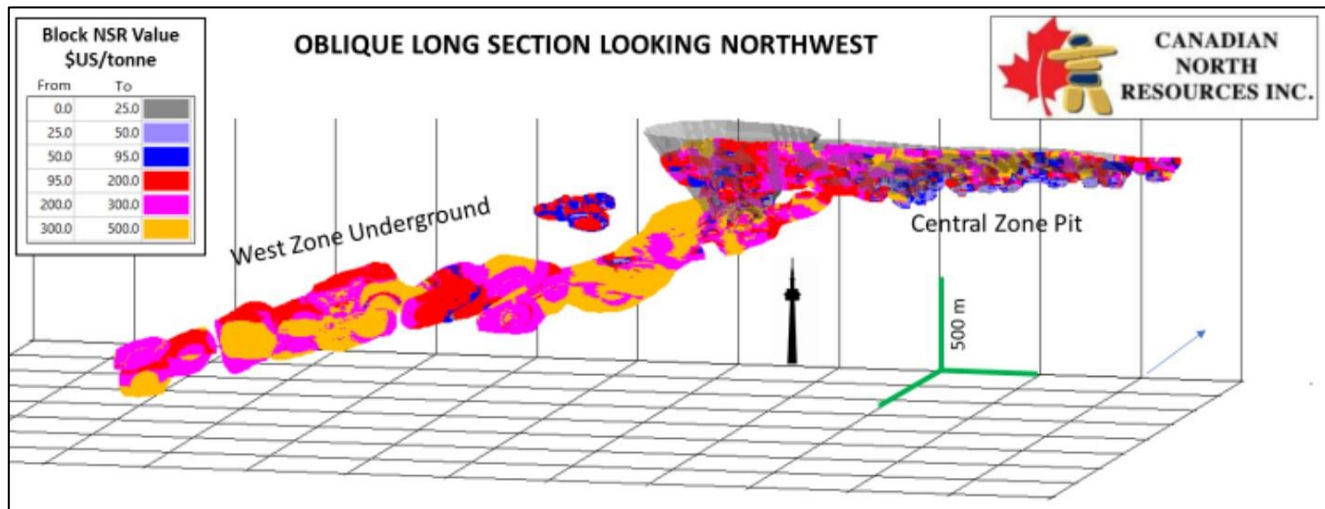
Figure 16: Updated Ferguson Lake NI 43-101 Mineral Resources Statement (July 2022)

Indicated Resources							
Method	Tonnes	Co	Cu	Ni	Pd	Pt	NSR
	(Mt)	(%)	(%)	(%)	(gpt)	(gpt)	(\$US)
Open Pit	22.4	0.07	0.84	0.60	1.37	0.23	255
Underground	1.9	0.07	1.03	0.60	1.49	0.32	275
Total	24.3	0.07	0.85	0.60	1.38	0.23	257
Inferred Resources							
Method	Tonnes	Co	Cu	Ni	Pd	Pt	NSR
	(Mt)	(%)	(%)	(%)	(gpt)	(gpt)	(\$US)
Open Pit	12.1	0.04	0.59	0.40	0.99	0.22	170
Underground	35.1	0.07	1.02	0.57	1.54	0.26	269
Total	47.2	0.06	0.91	0.53	1.40	0.25	244

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

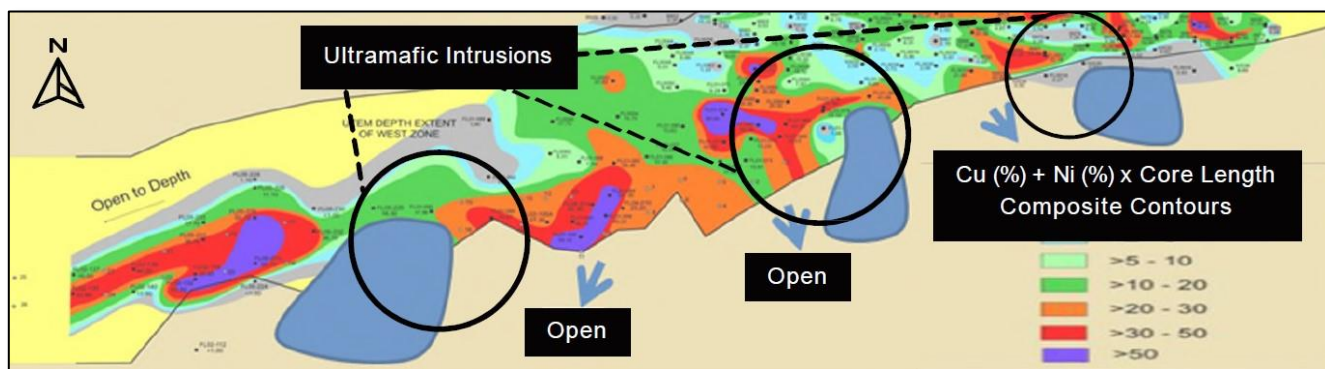
Source: Ferguson Lake Project – NI 43-101 Updated Mineral Resource Estimate (June 13, 2022)

Figure 17: 3D Model of the West Zone Mineral Resource



Source: Company news Release (May 1, 2023)

Figure 18: West Zone – Longitudinal Section Showing High-Grade Mineralization Open Along Strike and At Depth



Source: Company Presentation (June 2022)

3.2 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%) – see [Figure 19](#).

From 2015 to 2016, a new series of flotation tests were conducted on ore obtained from bulk sample material, which was stored at the Ferguson Lake camp.

The program's primary objective was to develop flotation conditions suitable 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.

The metallurgical testing program conducted at the property identified two possible flowsheet alternatives for the mineralized material, which were:

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 and Ni concentrate (10.1% copper) with much lower overall recoveries of 98% copper, 61% nickel, 55% cobalt, and 35-75% palladium and platinum.

Figure 19: 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)

4.0 PGMs and Battery Metals Markets Overview

4.1 PGMs

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.

Platinum, palladium, and rhodium are commonly used in catalytic converters to help reduce vehicle emissions. Catalytic converters contain a mix of these metals to convert harmful gases emitted from vehicle engines into relatively harmless gases. Approximately 90% of rhodium, 80% of palladium, and 40% of platinum mined each year end up in catalytic converters.

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.

Palladium is currently trading around US\$1,300/ounce, while platinum is trading around US\$930/ounce.

Rhodium is extremely rare and considered the most valuable precious metal in the world, currently trading at around US\$6,000/ounce.

4.2 Battery Metals

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

As the world transitions to a carbon-free economy, commodity consumption is expected to dramatically change. [Figure 20](#) shows the estimated impact of a 100% conversion to EVs on key commodities used in commercial and passenger vehicle production, with lithium, cobalt, rare earths, graphite, nickel, and copper at the top of the chart.

Nickel

The dominant lithium-ion battery chemistries used in electric vehicle (EV) production are 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.

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.

Cobalt

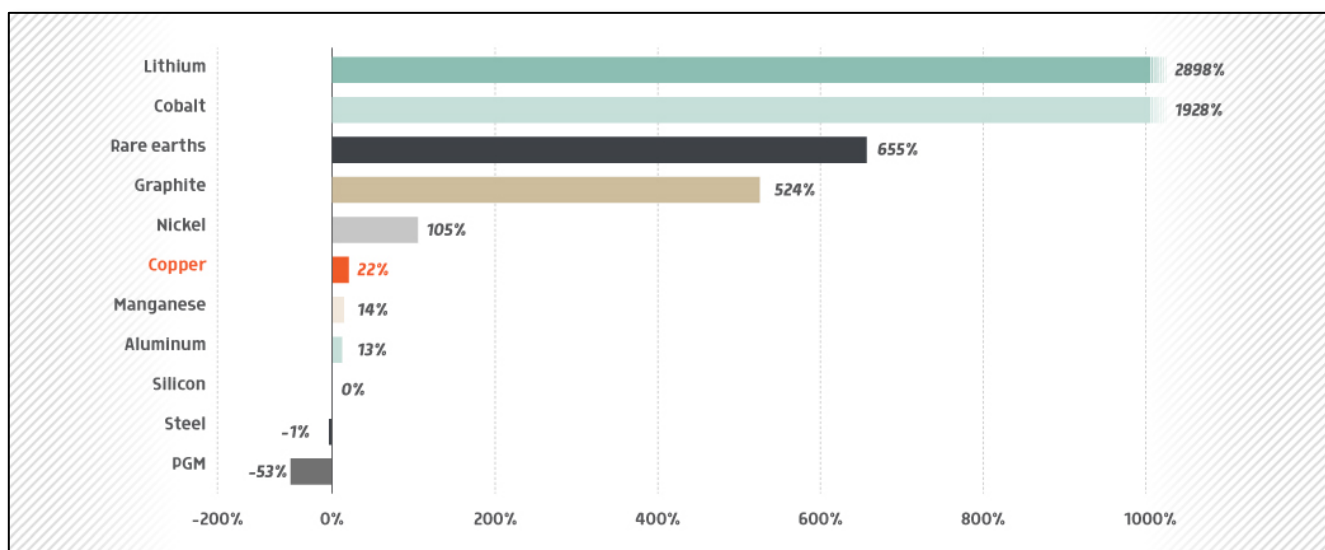
The primary purpose of cobalt in an NMC or NCA battery is to act as a stabilizer and prevent corrosion at the cathode, which reduces the possibility of a battery fire. The advantage of NMC and NCA batteries is higher energy density and higher cell voltage, which lead to longer ranges in EVs.

Cobalt’s primary disadvantage in batteries is its high cost. Although the spot price in April 2022 reached US\$82,000/tonne, it is currently trading at around US\$30,000/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) where there is the potential for child labour and dangerous working environments.

There is an effort in the investing community to find ethically sourced cobalt from jurisdictions and companies that have strong Environmental, Social & Governance (ESG) policies, such as Canada.

Figure 20: Estimated Commodity Demand Change – 100% EV



Source: UBS

5.0 Capital Structure and Cash Position

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

5.1 Capital Structure and Shareholders

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, 2023, 105,293,475 shares have been issued and are outstanding.

In April 2022, the Company's common shares were listed and started trading on the TSX Venture Exchange under the symbol **CNRI**. To maximize investor reach, **CNRI** was also listed on the Frankfurt Stock Exchange under the trading symbol "EO0" (E-O-zero) in July 2022 and in the US on the OTCQX under the symbol "CNRSF" in May 2023.

As of May 31, 2023, **CNRI** has over 105.93 million shares, 6.21 million options, and 13.33 million warrants outstanding for a total fully diluted share count of 124.84 million and a market capitalization of \$236.9 million.

Figure 21: Shares Outstanding

Shares Outstanding	Number
Shares Outstanding at the end of the Previous Quarter (Dec. 31, 2022)	105,293,475
Shares Issued in the Quarter	-
Shares Outstanding at end of the Quarter (Mar 31, 2023)	105,293,475
Shares Outstanding	105,293,475
- In the Money Options (Total Number of Options: 6.22M)*	3,800,775
- In the Money Warrants (Total Number of Warrants: 13.33M)*	9,523,384
Shares Outstanding - Fully Diluted	118,617,633

** Number of shares has been adjusted by the Treasury Stock Method*

Source: Company Reports and News Releases

Shareholders

Management and Directors control almost 68% 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);
- Kaihui Yang, President, CEO, and Director;
- Additional individual holdings by Lee Q. Shim, Chairman.

Figure 22: Shareholders

Type	No. of Shares	%
Institutions		0.00%
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	40.59%
Individuals/Insiders		
- Kaihui Yang, President, CEO & Director	15,000,000	14.24%
- Lee Quan Shim, Chairman	12,768,519	12.12%
- D. Richard Brown, Independent Director	825,000	0.78%
- Yunfeng Ma, Treasurer	49,000	0.05%
- Leung Yau Yu, Former Treasurer	20,000	0.02%
- John Spiteri, Secretary	7,407	0.01%
Public and Other	33,904,764	32.19%
Total	105,323,475	100.00%

Source: S&P Capital IQ; Company Reports

5.2 Working Capital

On May 16, 2023, **CNRI** announced that it has been awarded a \$250,000 grant from the **Government of Nunavut's** Discover, Invest, Grow ("DIG") program. The Company received an initial payment of \$125,000, with an additional \$125,000 anticipated upon the submission of the exploration report, which was completed at the end of April.

In December 2022, **CNRI** announced closing a \$4.84 million Flow-Through financing of 1.793 million shares at \$2.70 per share and a \$4.996 million Charity Flow-Through financing of 1.46 million shares at \$3.42 per share for total gross proceeds of \$9.84 million.

According to **CNRI**, the proceeds of the Flow-Through offerings will be used to fund the Company's exploration activities targeting critical minerals and will be eligible for the Canadian government's recently announced 30% [Critical Metals Exploration Tax Credit](#).

As of March 31, 2023, **CNRI** had \$9.35 million in cash on its Balance Sheet, with sufficient funds to complete the 2023 Ferguson Lake Project exploration program, including a 75-hole, 20,000m diamond drilling program and plans to explore the lithium potential of the extensive pegmatites identified on the Ferguson Lake Property, which are exposed on the surface (see [Section 5.0](#)).

In addition, the Company has strong shareholder support and has illustrated its ability to raise funds from the capital markets when required.

6.0 Detailed Valuation Calculation

We are maintaining a Speculative Buy Rating on CNRI and increasing our one-year Price Target to \$5.25 from \$5.00.

We are valuing **CNRI** based only on the NI 43-101 resource for the Ferguson Lake Project released on June 13, 2022, and illustrated in [Figure 23](#). At this time, we are not assigning any value to the Company's other projects or targets. **CNRI** is focused on the Ferguson Lake Project and the 15-km-long mineralized horizon that is part of the 96.9 km² (over 23,944 acres) mining leases.

However, the Company also staked claims totalling 156.9 km² (over 38,770 acres) surrounding its existing mining leases covering all the known Base Metals and PGMs mineralized zones and outcrops in the Ferguson Lake area. From surface rock sampling in 2022 (see the [news release from January 9, 2023](#)), **CNRI** has identified at least five new nickel-copper-PGM mineralized areas for follow-on exploration work.

In addition, **CNRI** has also staked 50.3 km² (12,429 acres) in the Quartzite Lake area (Quartzite Lake Project) and 29.2 km² (7,215 acres) in the Kaminak Lake area (Mac Island Prospect), covering gold mineralized zones with previously drilled intervals up to 70m at 2.16 g/t and recent outcrop samples returning 52.5 g/t Au and 3.35 g/t Au. These other projects and targets offer additional upside potential on the stock price as they are developed.

We calculated a Price Target of \$5.25 based on a Valuation Price of \$5.26 using the following assumptions (see [Figure 24](#)):

1. Adjusted Resource:
 - The Adjusted Resource is based on the following formula: 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.
 - We have updated our commodity prices from the last report based on the Current Mean Price Estimate for the various commodities on S&P Capital IQ.
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 \$8 million.
5. We are using the fully diluted share count of 118.6 million shares based on the outstanding shares and options and warrants accounted for using the Treasury Method.

From these assumptions, we derive a Total Company Value of \$616 million, and using 118.6 million shares outstanding (fully diluted), we calculate a value per share of \$5.25.

We are maintaining a Speculative Buy Rating on CNRI and increasing our one-year Price Target to \$5.25 from \$5.00.

Although **CNRI** trades at the top end of the NI 43-101/JORC Resource category (see [Appendix C](#)), it should re-rate as it moves into the PEA stage category. Currently, the Company trades well below the NAV values of similar companies at the PEA stage.

Figure 23: 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 24: 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	\$4.08	\$9.53	\$23.37	\$1,200	\$1,500
Price Used in Model	\$4.05	\$9.50	\$23.35	\$1,200	\$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)	\$1,383	\$2,290	\$657	\$972	\$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)	\$1,918	\$2,620	\$729	\$1,272	\$285

Sub-Total Mineral Value (M)	\$3,301	\$4,910	\$1,386	\$2,244	\$488
Total Mineral Value (M)	\$12,328				
Percentage Assigned	5%				
Mineral Value Used In Valuation (M)	\$616				
Net Cash	\$8				
Total Company Value	\$624				
No. of Shares Outstanding (Fully Diluted) (M)	118.6				
Value Per Share	\$5.26				

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

Appendix A: Financial Statements

Figure 25: Income Statement

Canadian North Resources Inc. (TSXV:CNRI)				
Income Statement				
(C\$)	2020 December 31	2021 December 31	2022 December 31	2023-Q1 March 31
Total Revenue	-	-	-	-
Gross Profit	-	-	-	-
Rent	24,000	24,000	48,500	
Commissions		23,840	9,250	
Professional Fees	203,031	734,592	536,268	119,138
Management Fees	36,000	215,333	72,221	18,000
Office and General	15,876	402,748	161,368	294,100
Share-based Compensation			3,061,230	98,228
Insurance		43,900	32,175	
Depreciation	25,291	25,106	65,953	22,473
Operating Expense Total	304,198	1,469,519	3,986,965	551,939
Operating Income	-304,198	-1,469,519	-3,986,965	-551,939
Interest Expense				
Interest and Invest. Income		20,450	92,288	23,284
Flow through Shares Premium				192,920
Other Income (Expense)	0	20,450	92,288	216,204
EBT Excl. Unusual Items	-304,198	-1,449,069	-3,894,677	-335,735
Income Tax Expense	0	0	0	0
Earnings from Cont. Ops.	-304,198	-1,449,069	-3,894,677	-335,735
Net Income	-\$304,198	-\$1,449,069	-\$3,894,677	-\$335,735
Weighted average shares outstanding	99,815,453	58,049,843	97,266,999	105,293,475

Source: Company Financial Statements; eResearch Corp.

Figure 26: Balance Sheet

Canadian North Resources Inc. (TSXV:CNRI) Balance Sheet				
(C\$)	2020 December 31	2021 December 31	2022 December 31	2023-Q1 March 31
ASSETS				
Cash and Cash Equivalents	1,553,324	19,025,817	11,067,170	9,350,351
HST Receivable	51,598		1,240,295	1,355,366
Prepaid Expenses		36,219	19,044	515,009
Inventory				
Prepaid Expenses				
Total Current Assets	1,604,922	19,062,036	12,326,509	11,220,726
Property and Equipment	166,298	141,192	532,222	542,162
Net Exploration and Evaluation Assets	2,475,537	6,108,179	21,783,859	22,430,599
Other Intangibles				
Total Assets	\$4,246,757	\$25,311,407	\$34,642,590	\$34,193,487
LIABILITIES				
Accounts Payable and Accrued Liabilities	355,326	46,258	427,166	360,116
Flow through Share Liability	0	0	3,082,559	2,889,638
Current Portion of Long-term Debt	0	0	0	
Deposit for Share Subscription	1,300,000	2,223,698		
Total Current Liabilities	1,655,326	2,269,956	3,509,725	3,249,754
Long-Term Debt	0	0	0	
Other Non-Current Liabilities	0	0	0	
Total Liabilities	1,655,326	2,269,956	3,509,725	3,249,754
EQUITY				
Common Stock	5,504,500	25,503,589	33,897,270	33,897,270
Additional Paid In Capital			3,592,410	3,739,013
Retained Earnings	(1,013,069)	(2,462,138)	(6,356,815)	(6,692,550)
Shares Subscription Receivable	(1,900,000)			
Total Common Equity	\$2,591,431	\$23,041,451	\$31,132,865	\$30,943,733
Total Liabilities And Equity	\$4,246,757	\$25,311,407	\$34,642,590	\$34,193,487
Total Shares Outstanding on Balance Sheet Date	73,150,000	6,869,792	105,293,475	105,293,475

Source: Company Financial Statements; eResearch Corp.

Figure 27: Cash Flow Statement

Canadian North Resources Inc. (TSXV:CNRI)				
Cash Flow				
(C\$)	2020	2021	2022	2023-Q1
	December 31	December 31	December 31	March 31
Net Income	-304,198	-1,449,069	-3,894,677	-335,735
Depreciation & Amortization	25,291	25,106	65,953	22,473
Flow through Premium				-192,920
Stock-Based Compensation	0	0	3,061,230	98,228
Change in Accounts Payable and Accrued Liabilities	117,158	-309,067	130,907	182,949
Change in Prepaid Expenses and HST Receivable	0	15,378	-1,192,587	-611,036
Cash Used in Operating Activities	-161,749	-1,717,652	-1,829,174	-836,041
Purchase of Property and Equipment	-100,635		-461,775	-32,413
Expenditure on Exploration and Evaluation Assets	-92,680	-3,632,642	-14,920,240	-723,365
Non-cash Working Capital				-250,000
Funds Received from Government Grants				125,000
Cash from Investing	-193,315	-3,632,642	-15,382,015	-880,778
Issuance of Common Stock		18,699,089	9,838,667	
Deposit for Share Issuance		2,223,698		
Deposit for Units Issuance	1,300,000			
Share Issuance Costs			-586,125	
Other Financing Activities	605,268	1,900,000		
Cash from Financing	1,905,268	22,822,787	9,252,542	0
Net Change in Cash	\$1,550,204	\$17,472,493	-\$7,958,647	-\$1,716,819
Cash and Cash Equivalents, beginning of period	\$3,120	\$1,553,324	\$19,025,817	\$11,067,170
Cash and Cash Equivalents, end of period	\$1,553,324	\$19,025,817	\$11,067,170	\$9,350,351

Source: Company Financial Statements; eResearch Corp.

Appendix B: Drill Results 2022 – Remaining 40 Holes

Figure 28: Second and Final Batch of 2022 Drills Results (40 Holes)

Hole	From (m)	To (m)	Width (m)	Cu (%)	Ni (%)	Co (%)	Pd (g/t)	Pt (g/t)	Rh (g/t)	Au (g/t)
FL22-461	111.50	115.50	4.00	0.08	0.09	0.03	0.35	0.13		
Including	114.50	115.50	1.00	0.14	0.28	0.12	1.06	0.27	0.003	0.011
	182.90	186.50	3.60	0.53	0.14	0.02	0.28	0.06		
Including	182.92	183.76	0.84	1.81	0.47	0.06	0.90	0.08	0.026	0.031
	197.00	203.00	6.00	0.02	0.03	0.01	0.34	0.26		
FL22-462	93.50	96.25	2.75	0.46	0.12	0.03	0.33	0.08		
Including	95.33	95.70	0.37	0.64	0.57	0.16	1.48	0.21	0.022	0.008
	145.30	145.75	0.45	1.27	0.88	0.13	1.63	0.18	0.057	0.011
	209.00	213.50	4.50	0.02	0.05	0.01	0.45	0.10		
	218.40	221.00	2.60	0.13	0.09	0.02	0.87	0.31		
Including	219.40	221.00	1.60	0.19	0.09	0.02	1.08	0.42	0.005	0.001
FL22-463	138.00	138.50	0.50	0.52	0.19	0.06	0.29	0.13	0.020	0.001
	191.67	201.47	9.80	0.34	0.40	0.04	0.66	0.26		
Including	191.67	195.17	3.50	0.86	1.07	0.12	1.64	0.19	0.042	0.02
Including	193.67	195.17	1.50	1.11	0.96	0.10	1.57	0.16	0.033	0.023
	215.00	217.00	2.00	0.31	0.15	0.04	0.31	0.08	0.005	0.001
	248.00	260.00	12.00	0.00	0.03	0.00	0.34	0.93		
Including	248.00	249.50	1.50	0.00	0.03	0.01	0.16	4.43	0.001	0.001
	267.50	269.00	1.50	0.01	0.03	0.01	0.73	0.25	0.001	0.001
FL22-464	207.00	214.30	7.30	0.46	0.44	0.05	0.64	0.15	0.010	
Including	208.36	210.23	1.87	0.33	1.11	0.12	1.17	0.22	0.023	0.005
FL22-465	154.85	155.00	0.15	0.41	1.20	0.05	1.18	0.07	0.005	0.021
	195.80	199.80	4.00	0.31	0.15	0.02	0.33	0.08		
Including	195.80	195.97	0.17	0.06	1.15	0.12	1.09	0.36	0.006	0.011
Including	199.44	199.85	0.41	1.44	0.08	0.02	0.33	0.04	0.003	0.026
	238.50	249.00	10.50	0.01	0.03	0.00	0.44	0.12		
Including	247.50	249.00	1.50	0.00	0.04	0.01	1.75	0.03	0.002	0.001
	255.00	261.00	6.00	0.01	0.03	0.00	0.45	0.19		
	419.80	432.40	12.60	0.02	0.06	0.01	0.48	0.17		
Including	419.77	420.22	0.45	0.10	0.56	0.07	2.41	0.03	0.002	0.002
Including	432.00	432.40	0.40	0.19	0.04	0.01	8.19	0.50	0.001	0.015
FL22-466	195.50	203.00	7.50	0.13	0.05	0.01	0.35	0.10		
Including	196.06	196.30	0.24	2.00	0.34	0.03	0.83	0.14	0.010	0.031
	219.00	221.00	2.00	0.02	0.03	0.01	2.65	0.85		
Including	220.00	220.60	0.60	0.06	0.03	0.01	8.65	2.76	0.001	0.004
	237.50	239.50	2.00	0.02	0.07	0.01	0.40	0.63		
	253.00	257.00	4.00	0.01	0.04	0.01	0.85	0.43		
Including	254.00	255.00	1.00	0.01	0.04	0.01	1.84	1.32	0.001	0.005
FL22-467	162.00	162.30	0.30	0.41	0.66	0.09	0.99	0.26	0.038	0.039
	203.80	209.00	5.20	0.19	0.10	0.02	0.51	1.04		
Including	203.77	204.02	0.25	2.27	0.10	0.01	0.52	0.17	0.004	0.406
Including	207.50	209.00	1.50	0.01	0.03	0.00	0.87	3.09	0.001	0.001
	254.00	264.00	10.00	0.01	0.04	0.01	1.19	0.20		
Including	257.00	258.50	1.50	0.02	0.04	0.01	4.44	0.84	0.001	0.006
FL22-468	211.00	212.00	1.00	1.30	0.14	0.02	0.24	0.03	0.001	0.032
	242.80	252.60	9.80	0.90	0.11	0.03	0.34	0.03		
Including	242.78	244.00	1.22	0.97	0.28	0.15	0.48	0.12	0.009	0.051
Including	252.00	252.63	0.63	10.00	0.27	0.04	2.25	0.16	0.001	0.292
	282.00	291.00	9.00	0.04	0.06	0.01	0.71	0.28		
Including	282.00	283.00	1.00	0.03	0.08	0.01	2.06	0.87	0.003	0.003
FL22-469	177.00	178.00	1.00	0.11	0.29	0.06	0.53	0.09	0.003	0.013
	185.15	188.80	3.65	0.47	0.70	0.07	0.96	0.17	0.030	
Including	185.15	187.30	2.15	0.69	1.17	0.12	1.57	0.26	0.053	0.025
	200.80	217.50	16.70	0.48	0.30	0.04	0.55	0.12		
Including	204.00	205.50	1.50	1.02	1.17	0.13	2.16	0.14	0.009	0.022
Including	214.60	216.00	1.40	1.18	1.12	0.13	1.81	0.18	0.019	0.034
	253.00	254.00	1.00	0.27	0.16	0.02	0.72	0.13	0.002	0.002
	263.00	266.00	3.00	0.00	0.03	0.01	0.57	1.08	0.004	0.001

Hole	From (m)	To (m)	Width (m)	Cu (%)	Ni (%)	Co (%)	Pd (g/t)	Pt (g/t)	Rh (g/t)	Au (g/t)
→ FL22-470	13.00	34.00	21.00	1.11	0.71	0.10	1.29	0.15	0.05	
Including	13.00	13.50	0.50	5.41	0.27	0.40	1.63	0.36	0.059	0.101
Including	17.50	19.50	2.00	0.75	1.04	0.13	1.69	0.01	0.096	0.015
Including	22.50	24.50	2.00	2.60	0.63	0.08	1.33	0.10	0.065	0.027
	48.00	52.00	4.00	0.36	0.15	0.02	0.31	0.06		
→ FL22-471	44.00	45.10	1.10	0.44	0.42	0.05	0.71	0.06	0.022	0.014
	47.50	57.40	9.90	0.96	0.58	0.09	1.03	0.17	0.01	0.03
Including	52.00	53.00	1.00	2.85	0.74	0.20	1.45	0.15	0.056	0.078
Including	55.00	56.00	1.00	1.36	0.80	0.09	1.51	0.11	0.006	0.029
FL22-472	83.40	87.00	3.60	0.27	0.32	0.04	0.62	0.13		
Including	83.40	84.90	1.50	0.45	0.73	0.08	1.37	0.14	0.043	0.006
	93.50	102.50	9.00	0.17	0.05	0.01	0.85	0.24		
Including	98.00	99.50	1.50	0.86	0.13	0.03	0.52	0.45	0.017	0.023
	110.00	113.00	3.00	0.41	0.33	0.03	0.68	0.07		
	111.50	113.00	1.50	0.52	0.57	0.05	1.18	0.10	0.036	0.002
FL22-473	107.60	110.50	2.90	0.45	0.24	0.04	0.54	0.11		
Including	108.80	109.30	0.50	0.18	0.86	0.09	1.45	0.31	0.056	0.007
	151.15	154.45	3.30	0.02	0.02	0.01	0.48	0.29		
FL22-474	183.50	186.50	3.00	0.04	0.04	0.01	0.79	0.09		
	207.50	210.50	3.00	0.01	0.03	0.01	0.59	0.18		
FL22-475	64.10	65.05	0.95	0.75	0.36	0.06	0.68	0.06	0.018	0.020
	114.50	125.50	11.00	0.02	0.08	0.01	0.23	0.30		
Including	114.50	116.00	1.50	0.01	0.03	0.01	0.23	1.55	0.003	0.001
Including	124.90	125.50	0.60	0.18	1.05	0.09	1.72	0.25	0.090	0.009
FL22-476	57.70	74.20	16.50	0.33	0.18	0.02	0.58	0.44		
Including	57.70	58.26	0.56	0.36	0.53	0.06	1.06	0.12	0.029	0.014
Including	61.75	62.25	0.50	0.36	0.43	0.05	1.13	0.24	0.036	0.009
Including	64.05	65.00	0.95	0.57	0.06	0.02	2.73	1.38	0.002	0.021
Including	65.70	66.41	0.71	0.18	0.56	0.06	1.24	0.26	0.032	0.013
Including	68.00	68.32	0.32	4.01	0.70	0.08	1.66	0.38	0.037	0.246
Including	68.90	69.06	0.16	0.10	1.07	0.11	1.45	0.05	0.011	0.009
Including	72.48	72.98	0.50	0.19	0.86	0.07	1.11	0.23	0.010	0.007
Including	73.67	74.18	0.51	0.47	0.40	0.06	0.71	0.08	0.015	0.016
FL22-477	32.70	48.50	15.80	0.15	0.18	0.03	0.34	0.07		
Including	32.70	33.56	0.86	0.37	0.57	0.11	0.93	0.12	0.045	0.015
Including	40.30	41.25	0.95	0.67	0.94	0.11	1.51	0.17	0.009	0.010
Including	44.10	44.28	0.18	0.06	0.96	0.08	1.30	0.04	0.001	0.008
Including	47.57	48.50	0.93	0.41	0.55	0.08	1.02	0.23	0.005	0.019
	114.20	115.40	1.20	0.76	0.05	0.01	0.03	0.00	0.001	0.101
	130.38	131.10	0.72	0.08	0.29	0.05	0.52	0.00	0.001	0.02
→ FL22-478	39.60	46.90	7.30	0.83	0.76	0.09	1.31	0.19	0.047	0.028
Including	39.60	44.00	4.40	1.05	0.98	0.12	1.66	0.24	0.064	0.031
Including	41.80	42.80	1.00	2.13	0.89	0.11	1.64	0.37	0.066	0.042
Including	44.27	44.58	0.31	0.48	0.97	0.12	1.85	0.33	0.067	0.029
Including	45.53	46.27	0.74	0.37	0.90	0.11	1.58	0.22	0.041	0.025
Including	46.27	46.90	0.63	1.25	0.24	0.03	0.45	0.03	0.014	0.042
	54.20	58.10	3.90	0.65	0.25	0.04	0.46	0.07	0.020	
Including	57.76	58.11	0.35	0.26	0.77	0.07	0.84	0.08	0.059	0.018
	63.50	68.91	5.40	0.26	0.17	0.02	0.30	0.03		
Including	67.15	67.70	0.55	0.58	0.93	0.10	1.33	0.05	0.05	0.014
FL22-479	50.15	53.85	3.70	0.36	0.18	0.02	0.28	0.04		
Including	50.15	50.44	0.29	0.18	0.87	0.10	1.39	0.11	0.008	0.015
Including	51.10	52.66	1.56	0.77	0.08	0.01	0.16	0.05	0.006	0.040
Including	53.50	53.85	0.35	0.06	0.52	0.05	0.55	0.05	0.026	0.010
	115.50	118.00	2.50	0.41	0.19	0.04	0.47	0.12		
Including	116.40	116.95	0.55	1.01	0.65	0.13	1.34	0.21	0.074	0.006

Hole	From (m)	To (m)	Width (m)	Cu (%)	Ni (%)	Co (%)	Pd (g/t)	Pt (g/t)	Rh (g/t)	Au (g/t)	
FL22-480	24.50	25.50	1.00	0.20	0.19	0.03	0.51	0.26	0.015	0.013	
	32.00	33.50	1.50	0.48	0.08	0.04	0.25	0.40	0.002	0.014	
	39.50	41.00	1.50	0.58	0.07	0.01	0.17	0.04	0.008	0.023	
	49.50	51.70	2.20	0.46	0.45	0.04	1.02	0.14			
	<i>Including</i>	49.46	49.78	0.32	0.30	0.64	0.06	2.23	0.28	0.049	0.024
<i>Including</i>	50.37	50.88	0.51	0.37	0.68	0.06	1.17	0.09	0.017	0.011	
<i>Including</i>	51.18	51.70	0.52	0.29	0.79	0.08	1.43	0.28	0.012	0.01	
→ FL22-481A	634.80	642.40	7.60	0.93	0.26	0.04	0.74	0.14			
<i>Including</i>	634.80	635.77	0.97	3.39	0.84	0.10	1.96	0.26	0.109	0.070	
<i>Including</i>	641.00	642.42	1.42	2.43	0.71	0.12	1.88	0.18	0.044	0.058	
	750.00	755.00	5.00	0.07	0.14	0.02	0.63	0.07			
<i>Including</i>	750.00	750.50	0.50	0.13	0.18	0.03	1.23	0.26	0.004	0.009	
<i>Including</i>	754.12	755.00	0.88	0.30	0.57	0.06	2.57	0.23	0.012	0.011	
	792.00	803.00	11.00	0.03	0.05	0.01	0.48	0.11			
<i>Including</i>	792.00	793.00	1.00	0.02	0.06	0.01	1.01	0.04	0.006	0.011	
<i>Including</i>	802.00	803.00	1.00	0.05	0.07	0.01	1.13	0.20	0.002	0.001	
FL22-483	66.50	69.50	3.00	0.01	0.03	0.01	0.46	0.24			
	82.50	83.60	1.10	0.40	0.27	0.04	0.55	0.09			
<i>Including</i>	83.30	83.60	0.30	0.52	0.89	0.12	1.57	0.10	0.005	0.016	
FL22-484	38.03	45.03	7.00	0.42	0.23	0.03	0.40	0.08			
	40.70	41.20	0.50	2.36	0.12	0.02	0.51	0.06	0.035	0.023	
	43.93	45.03	1.10	0.37	0.80	0.10	1.30	0.20	0.032	0.005	
FL22-484A	39.67	41.77	2.10	0.45	0.75	0.09	1.29	0.07			
	<i>Including</i>	39.67	40.52	0.85	0.41	1.08	0.13	1.73	0.06	0.151	0.007
	<i>Including</i>	40.52	41.28	0.76	0.69	0.78	0.09	1.58	0.11	0.122	0.018
		113.28	114.02	0.74	1.24	0.05	0.01	0.05	0.01	0.001	0.019
FL22-485	26.00	29.40	3.40	0.13	0.20	0.02	0.42	0.07	0.040		
	<i>Including</i>	26.80	27.30	0.50	0.29	0.89	0.07	1.34	0.24	0.135	0.005
→ FL22-486	122.87	131.30	8.43	0.64	0.30	0.04	0.50	0.14	0.06		
<i>Including</i>	122.87	123.20	0.33	0.51	0.58	0.04	1.08	0.16	0.101	0.009	
<i>Including</i>	125.40	125.80	0.40	0.36	0.86	0.11	1.21	0.13	0.146	0.025	
<i>Including</i>	126.76	127.45	0.69	0.19	1.12	0.13	1.43	0.07	0.177	0.001	
<i>Including</i>	127.45	128.59	1.14	1.78	0.47	0.06	0.84	0.50	0.090	0.028	
<i>Including</i>	130.40	131.30	0.90	1.71	0.20	0.03	0.51	0.32	0.052	0.059	
	135.54	140.54	5.00	0.28	0.27	0.05	0.55	0.06	0.050		
<i>Including</i>	135.85	136.53	0.68	0.19	1.07	0.12	1.85	0.08	0.184	0.006	
<i>Including</i>	140.10	140.54	0.44	0.07	0.39	0.04	0.99	0.10	0.001	0.005	
FL22-486A	119.55	120.00	0.45	0.20	0.27	0.09	0.47	0.11	0.004	0.008	
	121.80	125.00	3.20	0.26	0.31	0.04	0.58	0.07	0.070		
	<i>Including</i>	121.77	122.09	0.32	0.27	0.96	0.10	1.21	0.18	0.117	0.009
	<i>Including</i>	122.63	122.88	0.25	0.31	0.79	0.09	2.11	0.23	0.097	0.015
		136.70	139.20	2.50	0.33	0.27	0.04	0.46	0.09	0.010	
	<i>Including</i>	136.75	137.72	0.97	0.29	0.56	0.07	0.88	0.12	0.001	0.008
<i>Including</i>	138.98	139.18	0.20	2.12	0.23	0.10	0.84	0.33	0.001	0.050	
	192.50	195.10	2.60	0.25	0.04	0.01	0.16	0.04	0.001	0.104	
FL22-487	47.90	54.90	7.00	0.30	0.13	0.02	0.44	0.10			
	<i>Including</i>	47.86	48.77	0.91	1.37	0.44	0.05	1.20	0.17	0.037	0.062
	<i>Including</i>	49.30	49.70	0.40	0.13	0.46	0.05	1.15	0.45	0.022	0.008
	<i>Including</i>	52.20	53.15	0.95	1.51	0.22	0.08	0.70	0.14	0.005	0.081
→	60.70	66.70	6.00	0.89	0.44	0.05	1.16	0.26	0.01	0.1	
<i>Including</i>	60.68	61.83	1.15	1.15	0.27	0.04	0.73	0.16	0.017	0.267	
<i>Including</i>	63.02	66.70	3.68	1.00	0.63	0.07	1.64	0.38	0.006	0.076	
FL22-488	76.05	76.60	0.55	0.29	0.93	0.10	1.31	0.17	0.087	0.007	
	82.50	90.20	7.70	0.30	0.13	0.02	0.34	0.10			
	<i>Including</i>	89.44	90.23	0.79	0.29	0.50	0.06	1.12	0.26	0.001	0.013
		95.40	95.55	0.15	0.28	0.52	0.03	0.89	0.18	0.002	0.014

Hole	From (m)	To (m)	Width (m)	Cu (%)	Ni (%)	Co (%)	Pd (g/t)	Pt (g/t)	Rh (g/t)	Au (g/t)
FL22-489	37.60	46.70	9.10	0.28	0.24	0.03	0.45	0.07	0.030	0.060
<i>Including</i>	37.60	38.94	1.34	0.13	0.03	0.01	0.05	0.01	0.001	0.399
<i>Including</i>	41.45	42.35	0.90	0.26	0.76	0.09	1.54	0.18	0.085	0.017
<i>Including</i>	43.13	44.00	0.87	0.51	0.64	0.09	0.50	0.11	0.075	0.021
<i>Including</i>	44.46	45.10	0.64	0.41	0.58	0.07	1.22	0.16	0.049	0.037
→ FL22-490	28.10	38.00	9.90	0.34	0.14	0.02	0.33	0.03	0.03	0.2
<i>Including</i>	28.48	29.00	0.52	1.04	0.20	0.05	0.67	0.05	0.045	0.214
<i>Including</i>	30.98	31.70	0.72	1.22	0.07	0.01	0.32	0.02	0.012	0.343
→	43.40	63.70	20.30	0.36	0.24	0.03	0.55	0.08	0.02	0.02
<i>Including</i>	51.89	52.64	0.75	0.39	0.98	0.11	1.78	0.18	0.050	0.011
<i>Including</i>	53.24	53.59	0.35	0.10	1.00	0.11	2.47	0.11	0.056	0.007
<i>Including</i>	63.15	63.66	0.51	0.58	0.71	0.08	1.57	0.18	0.003	0.025
FL22-491	222.90	226.20	3.30	0.66	0.23	0.04	0.63	0.10		
<i>Including</i>	222.90	224.40	1.50	1.24	0.26	0.04	0.96	0.16	0.021	0.053
→ FL22-492	41.00	42.00	1.00	0.44	0.01	0.01	0.01	0.01	0.001	0.128
<i>Including</i>	231.00	239.50	8.50	0.80	0.63	0.08	1.63	0.23	0.01	
<i>Including</i>	237.73	239.00	1.27	1.72	0.29	0.04	0.87	0.25	0.007	0.046
<i>Including</i>	241.00	241.80	0.80	0.58	0.20	0.03	0.53	0.14	0.004	0.026
FL22-493	56.35	56.62	0.27	0.38	0.39	0.09	1.43	0.14	0.012	0.032
<i>Including</i>	66.50	71.10	4.60	0.33	0.27	0.04	0.84	0.11		
<i>Including</i>	66.50	67.00	0.50	1.41	0.06	0.01	0.28	0.01	0.001	0.066
<i>Including</i>	67.50	69.40	1.90	0.28	0.55	0.08	1.66	0.21	0.019	0.008
<i>Including</i>	70.95	71.15	0.20	0.90	0.64	0.04	2.41	0.34	0.007	0.059
→ FL22-494	15.50	17.00	1.50	0.03	0.02	0.00	0.03	0.00	0.002	2.190
<i>Including</i>	28.00	50.00	22.00	0.44	0.30	0.04	0.57	0.09	0.03	
<i>Including</i>	36.64	42.44	5.80	1.15	0.73	0.09	1.37	0.23	0.079	0.045
<i>Including</i>	204.50	207.50	3.00	0.11	0.07	0.01	0.51	0.17	0.020	
FL22-498	312.50	320.00	7.50	0.22	0.19	0.02	0.44	0.04		
<i>Including</i>	312.50	313.50	1.00	0.21	0.56	0.06	1.40	0.08	0.018	0.009
<i>Including</i>	318.80	320.00	1.20	1.01	0.30	0.03	0.81	0.09	0.023	0.025
<i>Including</i>	386.00	389.00	3.00	0.02	0.06	0.01	0.45	0.07		
FL22-499	297.50	300.00	2.50	0.06	0.32	0.03	0.76	0.15		
<i>Including</i>	299.36	300.05	0.69	0.19	0.96	0.08	2.26	0.37	0.023	0.015
<i>Including</i>	318.50	320.80	2.30	0.40	0.13	0.03	0.48	0.04		
<i>Including</i>	320.35	320.85	0.50	1.35	0.44	0.12	2.01	0.19	0.044	0.013

Source: CNRI News Release (February 21, 2023); eResearch Corp. (annotations)

Appendix C: Base Metals and PGMs Companies

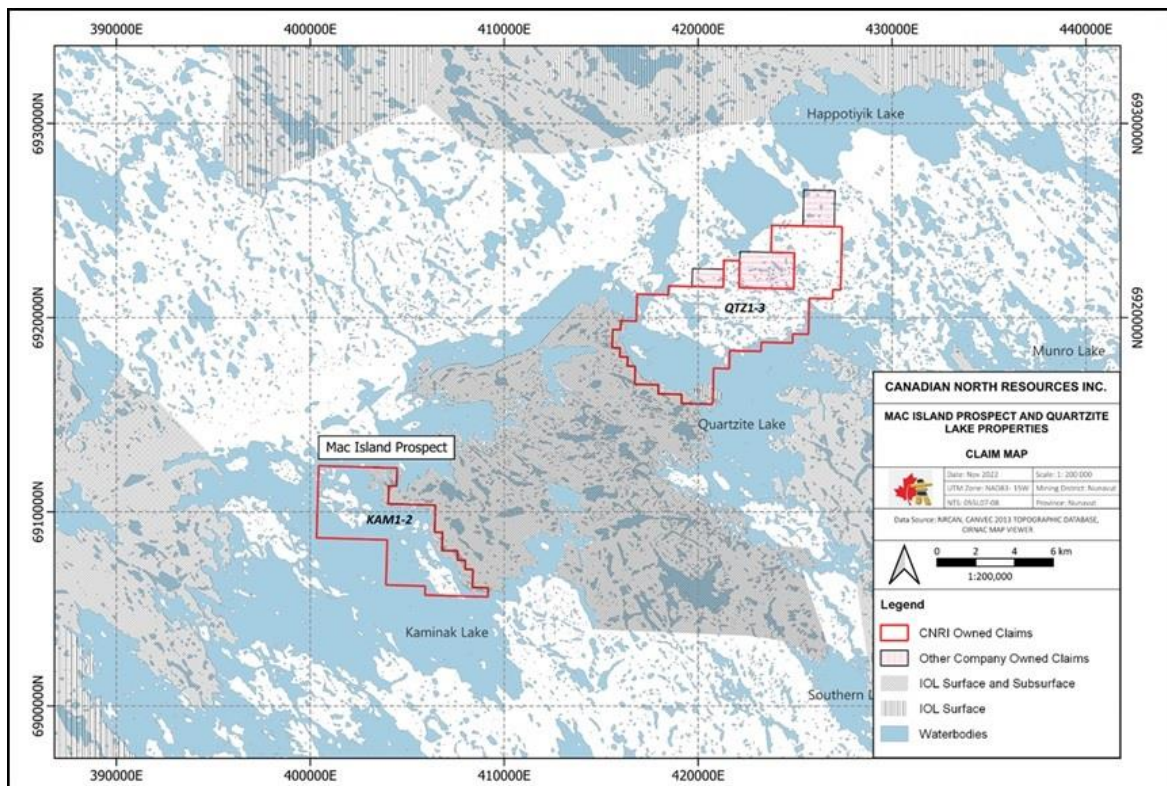
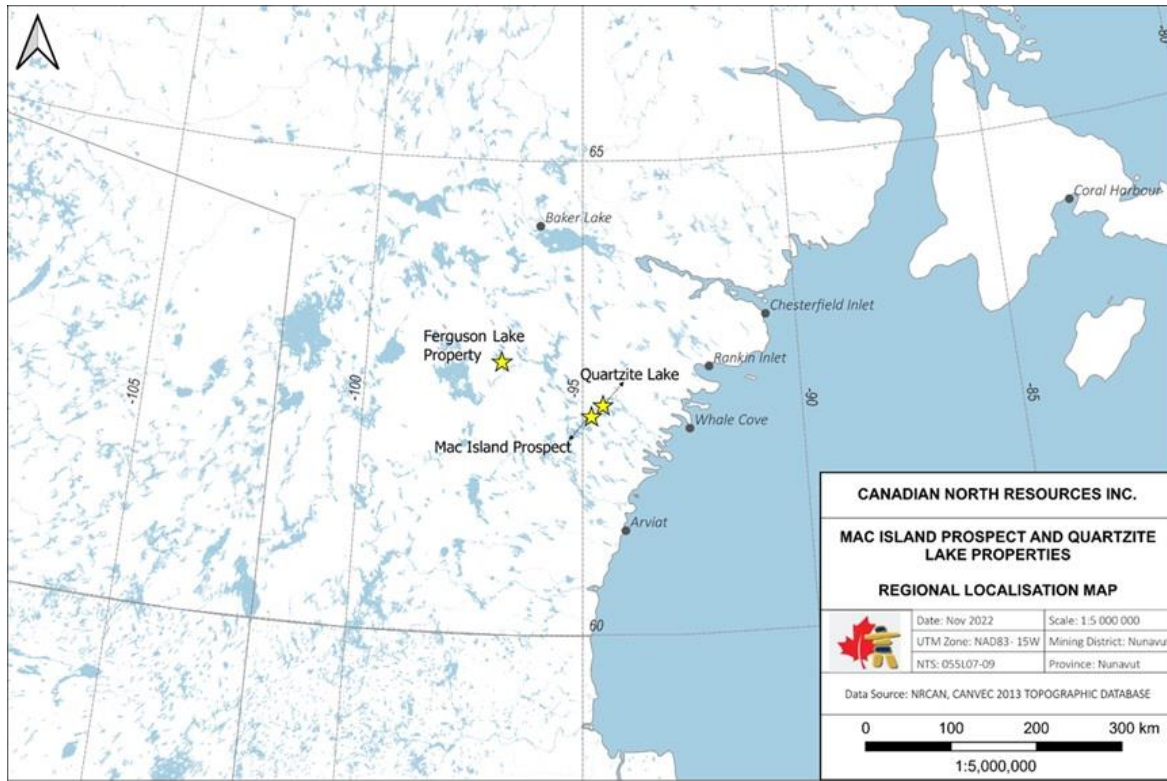
Figure 29: Select Base Metals and PGMs Companies

COMPANY NAME	TICKER	PRICE 2023-06-25	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 129.75	ZAR 111,997	ZAR 28,112	ZAR 1,179	ZAR 89,998	ZAR 120,509	ZAR 46,572	1.9	ZAR 210	0.62x
Lundin	TSX:LUN	\$10.32	\$7,972.1	\$184.2	\$214.7	\$8,801.8	\$2,801.5	\$693.0	12.7	\$8.59	1.20x
MMG	SEHK:1208	HKD 2.26	HKD 19,563	HKD 372	HKD 5,551	HKD 76,238	HKD 3,254	HKD 1,508	50.6	HKD 0.47	4.80x
Hudbay	TSX:HBM	\$6.12	\$1,603.8	\$255.6	\$1,281.7	\$2,992.1	\$1,378.0	\$572.4	5.2	\$8.14	0.75x
Teck	TSX:TECK.B	\$52.14	\$27,120.7	\$2,265.0	\$10,192.0	\$36,211.7	\$16,485.0	\$7,542.0	4.8	\$53.35	0.98x
Average									15.0	1.67	
Median									5.2	0.98	
PRE FEASIBILITY / FEASIBILITY											
Generation Mining	TSX:GENM	\$0.42	\$77.1	\$13.2	\$3.1	\$66.9	\$0.0	-\$33.8		\$2.36	0.18x
Platinum Group Metals	TSX:PTM	\$1.82	\$182.5	\$10.0	\$0.0	\$196.3	\$0.0	-\$5.8		\$14.08	0.13x
Average						\$131.6			0.15		
Median						\$131.6			0.15		
PEA STAGE											
Canada Nickel Company	TSXV:CNC	\$1.26	\$176.4	\$1.3	\$18.1	\$193.2	\$0.0	\$0.0		\$9.04	0.14x
Chalice Mining	ASX:CHN	A\$6.33	A\$2,443.7	A\$102.6	A\$2.0	A\$2,343.1	A\$0.9	-A\$69.4		\$7.77	0.81x
Clean Air Metals	TSXV:AIR	\$0.06	\$12.3	\$6.9	\$0.0	\$5.5	\$0.0	-\$3.7			
Callinex Mines	TSXV:CNX	\$2.56	\$44.1	\$6.7	\$0.1	\$37.4	\$0.0	-\$1.8		\$18.10	0.14x
Osisko Metals	TSXV:OM	\$0.24	\$57.8	\$1.9	\$13.0	\$68.8	\$0.0	-\$3.4		\$1.93	0.12x
Average						\$529.6			0.30		
Median						\$68.8			0.14		
NI 43-101 / JORC RESOURCE											
Canadian North Resources	TSXV:CNRI	\$2.00	\$210.6	\$9.4	\$0.0	\$201.3	\$0.0	-\$4.2		\$5.26	
Nickel 28 Capital	TSXV:NKL	\$1.24	\$113.8	\$2.4	\$55.9	\$185.2	\$0.0	\$0.0		\$2.12	0.58x
Palladium One Mining	TSXV:PDM	\$0.09	\$30.4	\$9.2	\$0.0	\$21.3	\$0.0	-\$9.2		\$1.38	0.06x
Stillwater Critical Minerals	TSXV:PGE	\$0.22	\$39.2	\$1.0	\$0.0	\$37.9	\$0.0	\$0.0			
Average (excluding CNRI)						\$81.5					
Median (excluding CNRI)						\$37.9					

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

Appendix D: Additional Maps

Figure 30: Location of Ferguson Lake, Mac Island, and Quartzite Lake Projects



Sources: Company

Appendix E: 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 related 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, the Company might not have as much financial flexibility.
- Although the Company has raised funds in the past by issuing equity and/or debt securities, it cannot be guaranteed that it will be able to raise additional capital or funding in the future.
- 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 F: eResearch Disclosure

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ANALYST ACCREDITATION

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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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