

# **CANARY GOLD CORP.**

## **Management's Discussion & Analysis**

**For the three months ended September 30, 2025 and 2024**

(Expressed in Canadian dollars)

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Canary Gold Corp. (the "Company" or "Canary") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended September 30, 2025 and 2024. This MD&A has been prepared in compliance with the requirements of National Instrument ("NI") 51-102 *Continuous Disclosure Obligations*. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes for the three months ended September 30, 2025 and 2024 (the "Financial Statements"), which have been prepared in accordance with IAS 34 *Interim Financial Reporting*. In addition, the MD&A should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2025 and 2024 (the "Annual Financial Statements"), as some disclosures from the Annual Financial Statements have been condensed or omitted.

The results for the period presented are not necessarily indicative of the results that may be expected for any future period. The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively.

All monetary amounts in the MD&A are expressed in Canadian dollars, the presentation currency of the Company, except number of shares, or as otherwise indicated. The functional currency of the Company and its subsidiary is disclosed in the notes to the Financial Statements. References to "CAD" are to Canadian dollars, references to "BRL" are to Brazilian reals, references to "EUR" are to Euro. This MD&A has been prepared effective as of November 24, 2025 (the "MD&A Date").

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated, or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the Financial Statements together with the other financial information included in the filings fairly present, in all material respects, the financial condition, financial performance and cash flows of the Company as of the date of, and for the periods presented.

Additional information regarding the Company is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and the Company's website at [www.canarygold.ca](http://www.canarygold.ca).

## **QUALIFIED PERSON**

All scientific and technical information in this MD&A has been reviewed and approved by Mr. Andrew Lee Smith., the Company's Chief Executive Officer ("CEO"). Mr. Smith is a qualified person for the purposes of National Instruments 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101").

## **DESCRIPTION OF BUSINESS**

Canary Gold Corp. was incorporated pursuant to the Business Corporations Act of British Columbia on May 9, 2022. The Company is a junior mineral exploration company engaged in the acquisition, exploration, and evaluation of natural resource properties in Brazil. The Company currently has an option agreement on the New Frontiers Gold Project ("New Frontiers Project") and the Talisman Project, both located in the Madeira River valley, Rondônia, Brazil. The Company's registered and records office is located at 200-551 Howe St., Vancouver, British Columbia, Canada, V6C 2C2.

On November 15, 2024, the Company completed its initial public offering (the "Offering"). The Offering consisted of 12,951,556 units of the Company at a price of \$0.17 per unit for gross proceeds of \$2,201,765. Each unit consists of one common share and one transferable common share warrant (the "IPO Warrant"). Each IPO Warrant is exercisable into one common share at an exercise price of \$0.25 and will expire on November 15, 2025. The Company's common shares began trading on the Canadian Securities Exchange (the "CSE") on November 18, 2024, under the symbol "BRAZ" and on Frankfurt Stock Exchange under the symbol "K5D" on December 9, 2024.

The Company operates in one reportable segment, the exploration and evaluation of unproven exploration and evaluation assets. The Company's primary exploration and evaluation asset is located in Brazil, and its corporate assets, comprising mainly cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues. All corporate expenses are incurred in Canada.

## CANARY GOLD CORP.

### Management's Discussion and Analysis

For the three months ended September 30, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

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#### CORPORATE HIGHLIGHTS

- On August 29, 2025, the Company entered into an option agreement (the "Talisman Agreement") with Talisman Venture Partners Ltd. (the "Talisman Optionor") to acquire a 100% interest in ten additional mineral tenements totaling approximately 94,700 hectares located in the state of Rondônia, Brazil. Under the terms of the Talisman Agreement, the Company is entitled to acquire a 100% undivided interest in the Talisman Project for the following consideration:
  - A cash payment of \$50,000 on execution of the Talisman Agreement (paid);
  - the issuance of 4,000,000 common shares of the Company on execution of the Talisman Agreement (4,000,000 common shares with a fair value of \$0.32 per common share for an aggregate value of \$1,280,000 were issued); and
  - On the date that is 180 days following the execution of the Talisman Agreement (the "Final Payment Date"), at the election of the Company, in its sole discretion, either a further cash payment of \$450,000; or the issuance of \$450,000 worth of common shares, each common share to be issued at a price equal to the higher of \$0.30 or the volume weighted average price of the Company's common shares on the CSE for the 10 trading days preceding the Final Payment Date.
- On September 10, 2025, the Company closed a private placement and issued 6,750,000 units at a price of \$0.25 per unit for gross proceeds of \$1,687,500. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.35 and expires on September 10, 2028. In connection with the private placement on September 10, 2025, the Company paid cash unit issuance costs of \$90,500 and issued 329,000 finders' warrants. Each finders' warrant is exercisable at a price of \$0.35 and expires on September 10, 2028.
- On September 25, 2025, the Company closed a private placement and issued 4,450,000 units at a price of \$0.25 per unit for gross proceeds of \$1,112,500. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.35 and expires on September 25, 2028. In connection with the private placement on September 25, 2025, the Company paid cash unit issuance costs of \$70,218 and issued 250,040 finders' warrants. Each finders' warrant is exercisable at a price of \$0.35 and expires on September 25, 2028.
- During the three months ended September 30, 2025 the Company issued 4,197,478 common shares upon the exercise of 3,714,500 IPO Warrants with an average exercise price of \$0.25 for gross proceeds of \$928,625, and 482,978 finders' warrants with an average exercise price of \$0.16 for gross proceeds of \$79,622.
- Subsequent to period end, the Company issued 6,218,117 common shares pursuant to the exercise of 6,218,117 IPO Warrants at an exercise price of \$0.25 for gross proceeds of \$1,554,529.
- Subsequent to period end, the Company issued 465,174 common shares pursuant to the exercise of 407,314 finders' warrants at an exercise price of \$0.17 and 57,860 finders' warrants at an exercise price of \$0.15 for gross proceeds of \$77,922.
- On November 4, 2025 500,000 restricted share units ("RSUs") were exercised into 500,000 common shares.
- On November 15, 2025, 595,939 IPO Warrants with an exercise price of \$0.25 and 11,007 finders' warrants with an exercise price of \$0.17 expired unexercised.

**CANARY GOLD CORP.****Management's Discussion and Analysis**

For the three months ended September 30, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

**DISCUSSION OF OPERATIONS**

A summary of the Company's results of operations is as follows:

	Q1 2026	Q1 2025
	\$	\$
<b>Operating expenses</b>		
Corporate development	210,185	22,500
Director and management fees	52,909	44,350
Exploration and evaluation	684,238	11,078
Filing fees	6,222	150
General and administrative	78,685	10,233
Insurance	6,250	8,469
Marketing fees	235,977	21,000
Professional fees	50,438	89,548
Travel and meals	24,921	-
	<b>(1,349,825)</b>	<b>(207,328)</b>
Gain on debt forgiveness	-	147,000
<b>Net loss</b>	<b>(1,349,825)</b>	<b>(60,328)</b>

**Q1 2026 compared to Q1 2025**

The Company's net loss increased to \$1,349,825 compared to \$60,328 in the prior year comparable period. The primary drivers of the increase in net loss were as follows:

- Corporate development expenses increased to \$210,185 compared to \$22,500 in the prior year comparable period due to consulting fees incurred in connection with strategic capital markets initiatives and corporate advisory services engaged ahead of the Company's private placement. In addition, the Company incurred \$34,185 of share-based compensation expenses from the vesting of stock options granted to a consultant engaged in corporate development activities.
- Exploration and evaluation expenses rose to \$684,238 up from \$11,078 in the prior year comparable period. The increase reflects the full utilization of a \$419,648 drilling advancement made in 2024, as well as higher costs associated with geological consulting, camp costs and general administrative activities at the New Frontiers Project.
- General and administrative expenses increased to \$78,685 compared to \$10,233 in the prior year comparable period. The increase was primarily driven by corporate secretary services to support the Talisman Project acquisition and increased costs to administer the drilling campaign at the New Frontiers Property.
- Marketing fees increased to \$235,977 compared to \$21,000 in the prior year comparable period. The increase was primarily attributable to external marketing consultants engaged to promote the profile of the Company ahead of the private placement. In addition, the Company incurred \$56,686 of share-based compensation expenses from the vesting of RSUs granted to the President of the Company in the prior period.

Partially offsetting the increase in net loss were decreases to professional fees to \$50,438 compared to \$89,548 in the prior year comparable period primarily due to legal fees associated with Company's Initial Public Offering and audit fees for the prospectus review incurred in the three months ended September 30, 2024.

Gain on debt forgiveness decreased to \$nil from \$147,000 in the prior year comparable period as a result of debt waiver agreements signed in Q1 2025 with Iron Mask Explorations Limited ("IME"), a company controlled by the CEO for the forgiveness of \$84,000 of payables relating to past management services, and Talisman Venture Partners Ltd, a vendor providing consulting services to the Company for the forgiveness of payables in the amount of \$63,000.

**CANARY GOLD CORP.****Management's Discussion and Analysis**

For the three months ended September 30, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

**SUMMARY OF QUARTERLY RESULTS**

The following summarizes quarterly financial results of the Company for the last eight quarters:

	Q1 2026	Q4 2025	Q3 2025	Q2 2025
	\$	\$	\$	\$
Net loss and comprehensive loss	(1,356,459)	(864,590)	(413,056)	(761,182)
Basic and diluted loss per share	(0.03)	(0.02)	(0.01)	(0.02)
Working capital	3,261,033	929,092	896,253	1,279,809
Total assets	5,087,911	1,464,021	1,357,978	1,762,769
Total liabilities	141,646	179,697	106,493	127,728
Shareholders' equity	4,946,265	1,284,324	1,251,485	1,635,041
Deficit	(5,222,249)	(3,872,424)	(3,017,527)	(2,610,697)

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
	\$	\$	\$	\$
Net loss and comprehensive loss	(61,510)	(258,309)	(401,990)	(345,304)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)
Working capital	(262,840)	(201,330)	56,979	335,204
Total assets	401,114	411,327	557,710	568,603
Total liabilities	563,954	512,657	400,731	133,399
Shareholders' equity (deficiency)	(162,840)	(101,330)	156,979	435,204
Deficit	(1,844,783)	(1,784,455)	(1,517,178)	(1,115,164)

The quarterly trends in working capital and total assets are primarily driven by fluctuations in cash from the Company's financing activities. Net loss and comprehensive loss increased from \$864,590 in Q4 2025 to \$1,356,459 in Q1 2026, primarily due to an increase in exploration and evaluation expenses related to the exploration activities performed at the New Frontiers Project and corporate development expenses incurred in connection with strategic capital markets initiatives during the current period. Working capital increased significantly in Q1 2026 to \$3,261,033 due to gross proceeds received of \$2,800,000 from private placements.

During Q1 2026 total assets increased significantly as a result of option payments on the Company's newly acquired Talisman Project consisting of cash of \$50,000 and the issuance of common shares with a fair value of \$1,280,000.

**EXPLORATION AND EVALUATION**

The Company's exploration and evaluation assets comprises the New Frontiers Project and the Talisman Project. Information of a scientific or technical nature in respect of the exploration projects as described below is derived from portions of the independent National Instrument 43-101 *Standards of Disclosure for Mineral Projects* technical report dated August 31, 2023 (with an effective date of July 30, 2023) titled "Technical Report on the Rio Madeira Exploration Project, Rondonia, Brazil. Report for NI 43-101".

According to records of the Brazilian National Mining Agency (formerly DNPM), more than 1.6 million ounces of gold were historically mined from the primary Rio Madeira drainage between 1979 and 1995. In management's view, the modern drainage area exploited during that period represents only a limited portion of the broader sedimentary system that may host gold and associated mineralization related to paleochannel or terrace formations.

From a sedimentological perspective, the project exhibits similarities to the Witwatersrand-type paleo-placer model in terms of depositional setting and sediment provenance. These comparisons are intended solely to illustrate geological context and do not imply potential size or grade equivalence. Gold occurs in fine-grained and locally visible form within sand and small-pebble gravels concentrated near the Miocene-Basement contact. To date, only gold has been systematically analyzed.

Structural controls and paleo-topography are interpreted to have influenced the localization of heavy-mineral concentrations within buried paleochannel systems. Geophysical surveys suggest target horizons may occur at depths of approximately 15 to 60 metres below surface. Exploration to date includes remote sensing, ground-penetrating radar, resistivity tomography, and reconnaissance geological mapping. The Company intends to conduct follow-up drilling (e.g., sonic or air-core) to test for buried mineralized horizons.

## CANARY GOLD CORP.

### Management's Discussion and Analysis

For the three months ended September 30, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

The scientific and technical information contained herein has been reviewed and approved by Andrew Lee Smith, P. Geo., ICD.D, who is a "Qualified Person" as defined by NI 43-101 - *Standards of Disclosure for Mineral Projects*. Mr. Smith is the Executive Chairman of Canary Gold Corp. and, therefore, is not independent of the Company for the purposes of NI 43-101.

This section contains forward-looking information. Actual results may differ materially from those anticipated. The Company does not undertake to update such information except as required by applicable securities laws.

#### New Frontiers Project

On March 6, 2023, the Company entered into an agreement with the Optionor (the "New Frontiers Agreement"). The Optionor is the legal and beneficial holder of certain applications for mineral exploration located in the State of Rondonia, Brazil, comprised of five applications for mineral exploration within the Brazilian border zone, totaling approximately 45,809 hectares and three applications for mineral exploration outside the border zone, totaling approximately 22,636 hectares. Pursuant to the New Frontiers Agreement, the Company has the option to acquire an undivided 70% interest in the New Frontiers Project.

On April 1, 2024, the Company and the Optionor amended the New Frontiers Agreement. Under the terms of the amended New Frontiers Agreement, the Company is entitled to acquire an initial 49% undivided interest in the New Frontiers Project for the following consideration (the "First Installment"):

Date	Option payments	Minimum exploration expenditures
Initial payment	<ul style="list-style-type: none"><li>\$25,000 cash (paid on October 19, 2022)</li><li>issue 500,000 common shares of the Company (issued on March 6, 2023)</li></ul>	Not applicable
No later than 10 days following the Offering	<ul style="list-style-type: none"><li>\$125,000 cash (paid on December 11, 2024)</li><li>issue common shares of the Company with an aggregate value of \$100,000 (465,116 common shares with a fair value of \$0.28 per common share for an aggregate value of \$130,232 were issued on December 4, 2024)</li></ul>	Not applicable
On or before April 1, 2026	<ul style="list-style-type: none"><li>\$200,000 cash</li><li>issue common shares of the Company with an aggregate value of \$200,000</li></ul>	\$2,500,000
On or before April 1, 2027	<ul style="list-style-type: none"><li>\$500,000 cash</li><li>issue common shares of the Company with an aggregate value of \$500,000</li></ul>	\$2,500,000

In addition, on or before April 1, 2027, the Company must provide a technical report prepared in accordance with NI 43-101 that includes a mineral resource estimate in respect of the New Frontiers Project.

Following the completion of the First Installment shown above, the Company is entitled to acquire an additional 21% undivided interest in the New Frontiers Project by funding 100% of the costs associated with a development program required for delivery of a "preliminary economic assessment" at the New Frontiers Project within two years of completing the First Installment.

#### Talisman Project

On August 29, 2025, the Company entered into the Talisman Agreement with the Talisman Optionor. The Talisman Optionor is the legal and beneficial holder of certain properties located in the Property ("Talisman Project"). Under the terms of the Talisman Agreement, the Company is entitled to acquire a 100% undivided interest in the Talisman Project for the following consideration:

Date	Option payments	Minimum exploration expenditures
Initial payment	<ul style="list-style-type: none"><li>\$50,000 cash (paid on August 29, 2025)</li><li>issue 4,000,000 common shares of the Company (issued on August 29, 2025)</li></ul>	Not applicable
On February 25, 2026	<ul style="list-style-type: none"><li>\$450,000 cash or issue common shares of the Company with an aggregate value of \$450,000 at the Company's sole discretion</li></ul>	Not applicable

The Talisman Optionor retained a 1% net smelter returns royalty on all commercial mineral production. The Company can reduce the net smelter returns royalty to 0.5% by paying \$1,000,000 at any time during the term of the Talisman Agreement.

**CANARY GOLD CORP.****Management's Discussion and Analysis**

For the three months ended September 30, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

A summary of the Company's exploration and evaluation assets are as follows:

	New Frontiers Project	Talisman Project	Total
	\$	\$	\$
Balance, June 30, 2024	100,000	-	100,000
Cash acquisition payment	125,000	-	125,000
Common shares issued	130,232	-	130,232
Balance, June 30, 2025	355,232	-	355,232
Cash acquisition payment	-	50,000	50,000
Common shares issued	-	1,280,000	1,280,000
<b>Balance, September 30, 2025</b>	<b>355,232</b>	<b>1,330,000</b>	<b>1,685,232</b>

A summary of the Company's exploration and evaluation expenses is as follows:

	Q1 2026	Q1 2025
	\$	\$
Camp costs	67,380	-
Chemical analysis	9,361	-
Drilling	487,894	-
General and administrative	15,388	-
Geological consulting	104,215	11,078
	<b>684,238</b>	<b>11,078</b>

**LIQUIDITY AND CAPITAL RESOURCES**

The Financial Statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. The Company has incurred losses since inception and has an accumulated deficit of \$5,222,249 as at September 30, 2025 (June 30, 2025 - \$3,872,424). As at September 30, 2025, the Company has cash of \$3,162,773 (June 30, 2025 - \$495,276) and a working capital surplus of \$3,261,033 (June 30, 2025 - \$929,092). The Company will require additional financing, either through equity or debt financing, sale of assets, joint venture arrangements, or a combination thereof to meet its administrative obligations and to continue to explore and develop its exploration and evaluation assets. There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. The Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern, and these adjustments may be material. The Company is in the process of exploring its mineral claims. The Company has not yet determined whether or when its claims could be economically viable.

The Company's cash flows from operations are negative as it is an exploration stage company. During the three months ended September 30, 2025, the Company used cash in operating activities of \$942,148 (2024 - \$3,528) primarily due to, cash expenditures on corporate development and marketing and on exploration and evaluation activities related to the New Frontiers Project.

During the three months ended September 30, 2025, the Company used cash of \$50,000 (2024 - \$nil) in investing activities, for the initial payment for the Talisman Project.

During the three months ended September 30, 2025, cash provided by financing activities was \$3,666,279 (2024 - \$nil), primarily driven by proceeds of \$2,800,000 from private placements which closed in September 2025 and \$1,026,997 from warrant exercises, partially offset by cash unit issuance costs of \$160,718.

The Company's objective when managing capital is to maintain adequate levels of funding to continue as a going concern and support its exploration of its exploration and evaluation asset.

## CANARY GOLD CORP.

### Management's Discussion and Analysis

For the three months ended September 30, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

The Company obtains funding primarily through issuing common shares. The Company's capital structure consists of all components of shareholders' equity, which was \$4,946,265 as at September 30, 2025 (June 30, 2025 - \$1,284,324). The Company manages its capital structure and makes adjustments to it for changes in economic conditions and the risk characteristics of the underlying assets, being its exploration and evaluation asset.

In order to maintain or adjust its capital structure, the Company may issue new shares through equity offerings or sell assets to fund operations. Future financing is dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. Management reviews the Company's capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

### USE OF PROCEEDS AND MILESTONES

During the three months ended September 30, 2025, the Company had the following share capital transactions:

- On August 29, 2025, pursuant to the Talisman Agreement, the Company issued 4,000,000 common shares with a fair value of \$1,280,000 (\$0.32 per share) to the Talisman Optionor.
- On September 10, 2025, the Company closed a private placement and issued 6,750,000 units at a price of \$0.25 per unit for gross proceeds of \$1,687,500. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at an exercise price of \$0.35 and expires on September 10, 2028. In connection with the private placement on September 10, 2025, the Company paid cash issuance costs of \$90,500 and issued 329,000 finders' warrants. Each finders' warrant is exercisable at a price of \$0.35 and expires on September 10, 2028.
- On September 25, 2025, the Company closed a private placement and issued 4,450,000 units at a price of \$0.25 per unit for gross proceeds of \$1,112,500. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at an exercise price of \$0.35 and expires on September 25, 2028. In connection with the private placement on September 25, 2025, the Company paid cash issuance costs of \$70,218 and issued 250,040 finders' warrants. Each finders' warrant is exercisable at a price of \$0.35 and expires on September 25, 2028.
- During the three months ended September 30, 2025 the Company issued 4,197,478 common shares upon the exercise of 3,714,500 IPO Warrants with an average exercise price of \$0.25 for gross proceeds of \$928,625, and 482,978 finders' warrants with an average exercise price of \$0.16 for gross proceeds of \$79,622.

The Company will use all funds raised to explore its New Frontiers and Talisman Project's and to fund working capital.

### OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2025 and the MD&A Date, the Company had no off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

### RELATED PARTY TRANSACTIONS

Key management personnel include those having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, officers and companies controlled by key management personnel. A summary of the Company's related party transactions is as follows:

	Three months ended September 30,	
	2025	2024
	\$	\$
<b>Operating expenses</b>		
Director and management fees <sup>(1)</sup>	52,908	44,350
Marketing fees <sup>(2)</sup>	86,686	-
	<b>139,594</b>	44,350
<b>Other income</b>		
Gain on debt forgiveness	-	(84,000)

(1) During the three months ended September 30, 2025, marketing fees include share-based compensation of \$56,686 (2024 - \$nil).

## **CANARY GOLD CORP.**

### **Management's Discussion and Analysis**

For the three months ended September 30, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

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As at September 30, 2025, \$32,301 was included in accounts payable and accrued liabilities for amounts due to related parties (June 30, 2025 - \$120,837). The amounts due are unsecured, due on demand and are non-interest bearing. The related party transactions are with companies owned and controlled by directors and officers of the Company for consulting fees in the normal course of business.

On August 31, 2024, the Company entered into debt waiver agreements with total value of \$147,000, of which \$84,000 was owed to IME, an entity controlled by the Company's CEO. Under the agreement, IME forgave a total of \$84,000 in accounts payable related to past management services from January 1, 2024 to August 31, 2024. In connection with the debt waiver agreements, the Company recorded a gain on debt forgiveness of \$84,000 for the three months ended September 30, 2025 (2024 - \$nil).

During the three months ended September 30, 2025, the Company paid \$30,000 to IME (2024 - \$30,000) for technical advisory and consulting services.

During the three months ended September 30, 2025, the Company paid \$30,000 to Mountain Top Advisory Services Ltd. ("Mountain Top") (2024 - \$nil), a company controlled by Mark Tommasi, the President of the Company, for marketing services. In addition, the company incurred \$56,686 in share-based compensation expenses related to the vesting of RSUs granted to Mountain Top in the year ended June 30, 2025.

During the three months ended September 30, 2025, the Company paid \$22,908 to Invictus Accounting Group LLP (2024 - \$14,350), a company controlled by Oliver Foeste, the Chief Financial Officer of the Company, for accounting and financial reporting services.

## **PROPOSED TRANSACTIONS**

As at September 30, 2025 and the MD&A Date, there are no proposed transactions.

## **CHANGES IN ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the financial statements are consistent with those applied and disclosed in the notes to the Annual Financial Statements.

## **SIGNIFICANT ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of Financial Statements under IFRS Accounting Standards requires management to make judgements in applying its accounting policies and estimates that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout the Financial Statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively.

A detailed summary of all of the Company's accounting estimates and assumptions is included in the Financial Statements filed on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and the Company's website at [www.canarygold.ca](http://www.canarygold.ca).

## **FINANCIAL INSTRUMENTS**

As at September 30, 2025, the Company's financial instruments are comprised of cash, and accounts payable and accrued liabilities which are classified as and measured at amortized cost. The carrying value of cash and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these financial instruments.

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

## CANARY GOLD CORP.

### Management's Discussion and Analysis

For the three months ended September 30, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

#### Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to fulfil its contractual obligations. The Company's credit risk relates primarily to cash. The Company minimizes its credit risk related to cash by placing cash with major financial institutions. The Company considers the credit risk to be minimal.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's primary exposure to liquidity risk is through accounts payable and accrued liabilities. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company endeavors to ensure that sufficient funds are raised from equity offerings to meet its operating requirements, after taking into account existing cash. In addition, the Company will need to raise additional capital to meet its exploration expenditure commitments and to maintain its option in the New Frontiers Project and Talisman Project. As at September 30, 2025, the Company had cash of \$3,162,773 (June 30, 2025 - \$495,276), a working capital surplus of \$3,261,033 (June 30, 2025 - \$929,092), and has assessed the liquidity risk as low.

#### Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is exposed to foreign exchange risk from fluctuations in the Canadian dollar to the Brazilian real. The sensitivity of the Company's profit or loss to changes in the exchange rate between the Canadian dollar to the Brazilian real would be as follows: a 5% change in the Canadian dollar exchange rate relative to the Brazilian real would change the Company's net loss by approximately \$6,408 (June 30, 2025 - \$3,283).

A summary of the Company's financial assets and liabilities that are denominated in the Brazilian real is as follows:

	September 30, 2025	June 30, 2025
	\$	\$
Cash	140,240	80,679
Accounts payable and accrued liabilities	(12,074)	(15,028)
	128,166	65,651

#### OUTSTANDING SECURITIES DATA

##### Escrowed Shares

In accordance with applicable securities rules and policies of the CSE, the Company entered into an escrow agreement (the "Escrow Agreement") on September 23, 2024 with certain shareholders, resulting in 10,250,001 common shares (the "Escrowed Shares"), representing 33.84% of the issued and outstanding common shares of the Company prior to the completion of the initial public offering, being deposited in escrow. Pursuant to the Escrow Agreement, 10% of the Escrowed Shares will be released from escrow on the listing date (the "Initial Release") and an additional 15% to be released on the dates which are 6 months, 12 months, 18 months, 24 months, 30 months, and 36 months following the Initial Release. These Escrowed Shares may not be transferred, assigned, or otherwise dealt without the consent of the regulatory authorities.

As at September 30, 2025, 2,562,500 (June 30, 2025 - 2,562,500) Escrowed Shares have been released from escrow with 7,687,501 (June 30, 2025 - 7,687,501) Escrowed Shares remaining.

A summary of the Company's issued and outstanding securities is as follows:

	September 30, 2025	MD&A Date
	#	#
Common shares issued and outstanding <sup>(1)</sup>	65,672,711	72,856,002
Warrants	19,121,321	11,831,084
Stock options	6,032,500	6,032,500
RSUs	500,000	-

(1) Authorized: Unlimited common shares without par value.

## **CANARY GOLD CORP.**

### **Management's Discussion and Analysis**

For the three months ended September 30, 2025 and 2024

(Expressed in Canadian dollars, except where noted)

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#### **FORWARD-LOOKING STATEMENTS**

This MD&A includes forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with the Company's business and the environment in which the business operates. Any statements contained herein that are not statements of historical fact may be deemed to be forward looking statements, including those identified by the expressions "considers", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved", or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "will", "intends", and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Refer to the risks and uncertainties section for material risk factors that may cause actual results to differ materially from forward-looking statements.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to risks associated with: geological risks; limited operating history; inability to generate earnings or pay dividends for the foreseeable future; no current assets other than cash and prepaid expenses; uncertain ability to raise additional funds when required; reliance on a small number of key managers lacking backup; potential conflicts of interest among directors and officers of the Company; lack of liquidity for shareholders of the Company; ability to secure needed permits; ability to physically access and work the Company's property assets due to poor weather; a potential lack of key contract personnel and services providers needed to execute elements of the Company's exploration plans; and market risk consisting of fluctuations in the Company's share price, metal prices, credit market conditions; and investor appetite for early stage exploration companies.

#### **RISKS AND UNCERTAINTIES**

The Company's risks and uncertainties are described in the Company's Management Discussion and Analysis for the year ended June 30, 2025 and 2024 as on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).