

CANARY GOLD CORP.

Management's Discussion & Analysis

For the three and six months ended December 31, 2024 and 2023

(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 and six months ended December 31, 2024 and 2023. 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 and six months ended December 31, 2024 and 2023 (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") issued by the International Accounting Standards Board. In addition, the MD&A should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2024 and the period from incorporation on May 9, 2022 to June 30, 2023 (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. The six months ended December 31, 2024 and 2023 are referred to as "YTD 2025" and "YTD 2024" respectively. References to "EUR" are to Euro.

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. This MD&A has been prepared effective as of February 28, 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 and the Company's website at 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") 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 purchase 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.

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CORPORATE HIGHLIGHTS

- On November 15, 2024, the Company completed the Offering and issued 12,951,556 units at a price of \$0.17 per unit for gross proceeds of \$2,201,765. Each unit consists of one common share and one 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 net proceeds of the Offering will be used by the Company to further the advancement of the New Frontiers Project and for general working capital.
- On November 15, 2024, in connection with the Offering the Company issued 4,532,500 stock options to certain directors, officers and consultants of the Company. Each stock option is exercisable into one common share at an exercise price of \$0.17 and will expire on November 15, 2029.
- On November 18, 2024, the Company's common shares began trading on the CSE, under the symbol "BRAZ" and on December 9, 2024, the Company's common shares began trading on the Frankfurt Stock Exchange under the symbol "K5D".
- On November 27, 2024, the Company granted an officer of the Company 1,000,000 stock options and 500,000 RSUs to a holding company of an officer of the Company. The vesting term is subject to the approval of the CSE and shareholders of the Company.
- On December 4, 2024, pursuant to an option agreement (the "Agreement") with New Frontiers Gold Mineração Ltda. (the "Optionor"), the Company issued 465,116 common shares with a fair value of \$0.28 per common share for an aggregate value of \$130,232 to the Optionor.
- On January 10, 2025, the Company issued 118,000 common shares pursuant to the exercise of 118,000 IPO Warrants at an exercise price of \$0.25 for gross proceeds of \$29,500.

DISCUSSION OF OPERATIONS

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

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
	\$	\$	\$	\$
Operating expenses				
Corporate development	68,237	21,000	90,737	21,000
Director and management fees	399,596	65,825	443,946	135,750
Exploration and evaluation	18,696	153,662	29,774	230,455
Filing fees	25,730	266	25,880	5,266
General and administrative	65,978	10,229	76,211	19,667
Insurance	5,646	-	14,115	-
Marketing fees	79,103	22,500	100,103	27,500
Professional fees	94,242	64,958	183,790	110,619
Travel and meals	8,686	1,448	8,686	13,479
	(765,914)	(339,888)	(973,242)	(563,736)
Foreign exchange gain (loss)	-	580	-	(2,842)
Gain on debt forgiveness	-	-	147,000	-
Net loss	(765,914)	(339,308)	(826,242)	(566,578)

Q2 2025 compared to Q2 2024

The Company's net loss increased to \$765,914 compared to \$339,308 in the prior year comparable period. The primary drivers of the increase in net loss were as follows:

- Corporate development increased to \$68,237 compared to \$21,000 in the prior year comparable period primarily due to share-based compensation of \$45,737 from vesting of stock options granted to a consultant assisting with the business development strategy of the Company in the current period.
- Director and management fees increased to \$399,596 compared to \$65,825 in the prior year comparable period primarily due to share-based compensation of \$352,427 from vesting of stock options granted to the Company's directors and officers during the current period.
- Filing fees increased to \$25,730 compared to \$266 in the prior year comparable period primarily due to regulatory and compliance fees associated with stock exchange listing of the Company during the current period.

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- General and administrative increased to \$65,978 compared to \$10,229 in the prior year comparable period primarily due to additional office and corporate secretarial costs incurred to support the Offering and the listing on Frankfurt Stock Exchange, and share-based compensation of \$37,097 from vesting of stock options granted to the Company's corporate secretary in the current period.
- Insurance increased to \$5,646 compared to \$nil in the prior year comparable period due to the Company securing directors and officers' liability insurance in the current period.
- Marketing fees increased to \$79,103 compared to \$22,500 in the prior year comparable period primarily due to a new agreement for digital marketing services. The agreement commenced on December 10, 2024, for a fixed six-month term until June 10, 2025, with a total consideration of \$221,175 (EUR 150,000). The full amount was prepaid in the current period.
- Professional fees increased to \$94,242 compared to \$64,958 in the prior year comparable period primarily due to share-based compensation of \$25,409 from vesting of stock options granted to a consultant assisting with the accounting services of the Company in the current period.

Partially offsetting the increase in net loss was a decrease in exploration and evaluation expenses to \$18,696 compared to \$153,662 in the prior year comparable period due to reduced expenses related to geophysics, project management, and general administration at the New Frontiers Project in the current period. The Company received the proceeds from the Offering in November 2024 and plans to commence exploration and evaluation activities in the next quarter.

YTD 2025 compared to YTD 2024

The Company's net loss increased to \$826,242 compared to \$566,578 in the prior year. The primary drivers of the increase in the net loss were as follows:

- Corporate development increased to \$90,737 compared to \$21,000 in the prior year comparable period primarily due to share-based compensation of \$45,737 from vesting of stock options granted to a consultant assisting with the business development strategy of the Company in the current year.
- Director and management fees increased to \$443,946 compared to \$135,750 in the prior year due to share-based compensation of \$352,427 from vesting of stock options granted to the Company's directors and officers during the current year.
- Filing fees increased to \$25,880 compared to \$5,266 in the prior year primarily due to regulatory and compliance fees associated with stock exchange listing of the Company during the current year.
- General and administrative fees increased to \$76,211 compared to \$19,667 in the prior year due to additional office and corporate secretarial costs incurred to support the Offering and the listing on Frankfurt Stock Exchange, and share-based compensation of \$37,097 from vesting of stock options granted to the Company's corporate secretary in the current year.
- Insurance increased to \$14,115 compared to \$nil in the prior year due to the Company securing directors and officers' liability insurance in the current year.
- Marketing fees increased to \$100,103 compared to \$27,500 in the prior year primarily due to a new agreement for digital marketing services. The agreement commenced on December 10, 2024, for a fixed six-month term until June 10, 2025, with a total consideration of \$221,175 (EUR 150,000). The full amount was prepaid in the current year.
- Professional fees increased to \$183,790 compared to \$110,619 in the prior year primarily due to share-based compensation of \$25,409 from vesting of stock options granted to a consultant assisting with the accounting services of the Company and the audit fees for the prospectus review in the current year.

Partially offsetting the increase in net loss were decreases to expenses as follows:

- Exploration and evaluation expenditures decreased to \$29,774 compared to \$230,455 in the prior year due to reduced expenses related to geophysics, project management, and general administration at the New Frontiers Project in the current year. The Company received the proceeds from the Offering in November 2024 and plans to commence exploration and evaluation activities in the next quarter.
- Gain on debt forgiveness increased to \$147,000 from \$nil in the prior year due to debt waiver agreements signed in Q1 2025 with Iron Mask Explorations Limited, a company controlled by the CEO, and Talisman Venture Partners Ltd, a vendor providing consulting services to the Company.

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SUMMARY OF QUARTERLY RESULTS

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

	Q2 2025	Q1 2025	Q4 2024	Q3 2024
	\$	\$	\$	\$
Net loss and comprehensive loss	(761,182)	(61,510)	(258,309)	(401,990)
Basic and diluted loss per share	(0.02)	(0.00)	(0.01)	(0.01)
Working capital	1,279,809	(262,840)	(201,330)	56,979
Total assets	1,762,769	401,114	411,327	557,710
Total liabilities	127,728	563,954	512,657	400,731
Shareholders' equity (deficiency)	1,635,041	(162,840)	(101,330)	156,979
Deficit	(2,610,697)	(1,844,783)	(1,784,455)	(1,517,178)

	Q2 2024	Q1 2024	Q4 2023	Q3 2023
	\$	\$	\$	\$
Net loss and comprehensive loss	(345,304)	(227,270)	(295,408)	(116,817)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.00)
Working capital	335,204	365,114	451,384	751,792
Total assets	568,603	586,916	614,240	884,008
Total liabilities	133,399	121,802	62,856	107,216
Shareholders' equity	435,204	465,114	551,384	776,792
Deficit	(1,115,164)	(775,856)	(548,586)	(253,178)

The quarterly trends in working capital and total assets are primarily driven by fluctuations in cash from the Company's financing activities and professional fees. Net loss increased in Q2 2025 which is mainly due to the share-based compensation expense of \$460,670 for the vesting of stock options granted to directors, officers, and consultants of the Company. Net loss decreased significantly in Q1 2025 which is mainly due to a gain on debt forgiveness of \$147,000 and a reduction in exploration and evaluation expenses. Following the successful closing of the Offering on November 15, 2024, working capital significantly increased in Q2 2025 due to the proceeds of \$2,201,765 received the Offering. During Q2 2025, total assets increased as a result of option payments on the Company's New Frontiers Project consisting of cash of \$125,000 and common shares with a fair value of \$130,232. A significant decrease in working capital in Q3 and Q4 2024 was primarily due to accounts payable related to marketing, audit fees, and exploration and evaluation expenditures.

EXPLORATION AND EVALUATION

The Company's exploration and evaluation asset comprises the New Frontiers Project.

Information of a scientific or technical nature in respect of the exploration project 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 Brazilian Government Records (previously DNPM - now Brazilian National Mining Agency), more than 1.6 million ounces of gold were mined from the primary Rio Madeira drainage between 1979 and 1995. In the view of management, the modern drainage area exploited between 1979 and 1995 represents only a very small percentage of the potential area for the discovery of gold and other mineralization related to sedimentary formations including abandoned paleochannels.

The well-known Witwatersrand paleo-placers are the best analogues from a purely sedimentological perspective and their relative sedimentary characteristics, and similarities are comparable. The most significant analogy is found in the orogenic control on the supply of sediments shed from mountain belts into low-lying floodplains. Low-grade gold-mineralized sediments comprising sand and small- pebble gravels were entrapped and reworked in several phases over millions of years. The metallic gold comprises fine grained and visible grained (VG) within the sediments, throughout the target area. Substantial gold grade is concentrated largely on the Miocene-Basement contact. Mineralization is substantial and only gold has been analysed systematically, to date.

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Structural controls on bedrock and paleo topography can be expected to have resulted in areas where heavy minerals including gold have been concentrated into discrete potentially economic zones, postulated but yet undiscovered, and may contain additional metals - minerals in addition to the targeted gold mineralization. The targeted interval is not exposed but is predicted to occur (supported by geophysics) where it is buried beneath more recent sedimentary cover at and to depths of between 15 to 60 metres below the current land surface and as such this style of mineralization is largely undetected and avoided by previous miners. Much of the flood plain was once buried underneath a laterally persistent bed that was turned into a durable, lateritic horizon (known locally as Mocururu) that contains finer-grained gold in potentially economic concentrations.

In the view of management, the underlying pre-Mocururu sedimentary interval is similarly gold bearing, presumably at potentially mineable - economic depths for willow surface mining activities although this clearly requires further detailed investigation.

The sedimentary horizons hosting gold mineralization may contain concentrations of magnetite or perhaps radioactive elements which may be detected by geophysical exploration techniques. The above description outlines a viable geological scenario whereby particulate gold was likely derived from mineralized bedrock upstream over a period of tens of millions of years. This particulate gold was then distributed by the Madeira drainage system initially within braid plains, and ultimately within broader migratory meander belts during phases of lower alluvial discharge. These processes alternated throughout the past 23 million years during seasonal or epic driven wet or dry climatic phases. The entire target area and surrounds were likely blanketed with gold-bearing sediments that were exhumed and reworked into younger deposits, including the Mocururu terraces. The final product was left as a disconnected series of abandoned oxbow lakes and meandering stream point bars formed at low discharge. Low-grade alluvium was reworked into channels and bars throughout recent history since the Miocene. The accessible, high-grade remnants at surface were likely depleted by garimpeiro activity (artisanal miners) mainly within and along the current, modern Madeira River, with little evidence of this activity preserved.

The Canary Tenement Package ("CTP") has been selected and consolidated as a highly prospective terrain whereby the targeted gold bearing formations remain preserved and intact allowing their exploration with modern techniques, technology, and equipment. Preliminary and reconnaissance exploration activities completed to date over the CTP includes remote sensing, Ground Penetrating Radar, and Tomography (resistivity) Geophysics, Geological mapping which included some regional traverses to target the location and distribution of potentially favourable locations for gold concentration associated with bedrock unconformities, Mocururu terraces and / or paleochannels. The most significant target areas are those where the unconformity between Basement and Miocene is exposed within the bed and along the banks of the Madeira River, which is seldomly exposed and when it is it is in only the driest of months for a restricted period of only several weeks a year, generally in September or October.

The entire extent of the basement unconformity appears to be prospective and requires systematic sampling by means of sonic, percussion or Air Core drilling to aid the delineation of and define where buried higher-grade concentrations of mineralization are likely to be located.

Costs relating to the acquisition and claim maintenance of exploration and evaluation assets (including option payments and annual fees to maintain the property in good standing before the Brazilian National Mining Agency are capitalized and deferred until the project to which they relate is sold, abandoned, impaired, or placed into production.

On March 6, 2023, the Company entered into the Agreement with the Optionor. 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 Agreement, the Company has the option to acquire an undivided 70% interest in the New Frontiers Project.

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On April 1, 2024, the Company and the Optionor amended the Agreement. Under the terms of the amended option 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"> \$25,000 cash (paid on October 19, 2022) issue 500,000 common shares of the Company (issued on March 6, 2023) 	Not applicable
No later than 10 days following the Company's initial public offering	<ul style="list-style-type: none"> \$125,000 cash (paid on December 11, 2024) 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) 	Not applicable
On or before April 1, 2026	<ul style="list-style-type: none"> \$200,000 cash issue common shares of the Company with an aggregate value of \$200,000 	\$2,500,000
On or before April 1, 2027	<ul style="list-style-type: none"> \$500,000 cash issue common shares of the Company with an aggregate value of \$500,000 	\$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.

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

	New Frontiers Project
	\$
Balance, June 30, 2024 and June 30, 2023	100,000
Cash option payment	125,000
Common shares issued as option payment	130,232
Balance, December 31, 2024	355,232

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

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
	\$	\$	\$	\$
General and administrative	-	7,964	-	14,171
Geological consulting	18,696	66,877	29,774	66,877
Geophysics	-	78,821	-	95,059
Other exploration services	-	-	-	6,677
Project management	-	-	-	47,671
	18,696	153,662	29,774	230,455

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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 \$2,610,697 as at December 31, 2024 (June 30, 2024 - \$1,784,455). As at December 31, 2024 the Company has cash of \$716,522 (June 30, 2024 - \$4,983) and a working capital surplus of \$1,279,809 (June 30, 2024 - working capital deficiency of \$201,330). 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 six months ended December 31, 2024, the Company used cash in operating activities of \$1,135,172 (2023 - \$786,270) primarily due to payments made to settle vendors' obligations and cash expenditures on prepaid drilling services related to the New Frontiers Project.

During the six months ended December 31, 2024, the Company used cash of \$125,000 (2023 - \$nil) in investing activities, primarily related to an option payment for the New Frontiers Project.

During the six months ended December 31, 2024, cash provided by financing activities was \$1,968,161 (2023 - \$456,394), primarily driven by proceeds from the closing of the Offering, partially offset by the cash unit issuance costs during the current period.

On August 31, 2024, the Company entered into debt waiver agreements with total value of \$147,000, of which an amount of \$84,000 belonged to Iron Mask Explorations Limited ("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.

On August 31, 2024, the Company entered into a debt waiver agreement with Talisman Venture Partners Ltd. ("TVP"), a service provider to the Company. Under the agreement, TVP forgave a total of \$63,000 in accounts payable for past consulting fees from January 1, 2024 to August 31, 2024.

On October 18, 2024, the Company entered into a \$44,900 loan agreement (the "Loan Amount") with the CEO of the Company. The loan bears a transaction fee of \$2,500 (the "Fee") and is interest-free if repaid in full, including the Fee, by November 30, 2024. If not repaid in full on time, the outstanding balance including the Loan Amount and the Fee will bear interest at 5.0% per annum accrued monthly. On November 22, 2024, the Company fully repaid the Loan Amount and the Fee.

On November 15, 2024, the Company completed the Offering, which 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 IPO Warrant. Each IPO Warrant is exercisable into one common share at an exercise price of \$0.25 and expires on November 15, 2025. In connection with the Offering, the Company paid cash unit share issuance costs of \$233,604 and issued 147,059 common shares to the finders at a fair value of \$0.17 per common share for a total fair value of \$25,000. Cash unit issuance costs were comprised of cash finders' fees of \$221,106 and professional fees, filing fees, general and administrative expenses of \$12,498. The net proceeds of the Offering will be used by the Company to further the advancement of the New Frontiers Project and for general working capital.

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.

The Company obtains funding primarily through issuing common shares. The Company's capital structure consists of all components of shareholders' equity, which was \$1,635,041 as at December 31, 2024 (June 30, 2024 - shareholders' deficiency of \$101,330). 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.

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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 six months ended December 31, 2024, the Company had the following share capital transactions:

- On November 15, 2024, the Company completed the Offering and issued 12,951,556 units at a price of \$0.17 per unit for gross proceeds of \$2,201,765. Each unit consists of one common share and one IPO Warrant. Each IPO Warrant is exercisable into one common share at an exercise price of \$0.25 and expires on November 15, 2025.
- In connection with the Offering, the Company incurred unit issuance costs of \$258,604 comprised of cash unit share issuance costs of \$233,604 and 147,059 common shares issued to finders with a fair value of \$25,000 (\$0.17 per share).
- On December 4, 2024, pursuant to the Agreement, the Company issued 465,116 common shares with a fair value of \$130,232 (\$0.28 per share) to the Optionor.

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

During the year ended June 30, 2024, the Company had the following share capital transactions:

- On September 15, 2023, the Company closed a private placement and issued 1,000,000 common shares at a price of \$0.15 per share for gross proceeds of \$150,000. In connection with the private placement, the Company paid cash finders' fees of \$9,000 and issued 60,000 finders' warrants with a total fair value of \$4,884. Each finders' warrant is exercisable at a price of \$0.15 and expires on September 15, 2025.
- On November 17, 2023, the Company closed a private placement and issued 1,783,333 common shares at a price of \$0.15 per share for gross proceeds of \$267,500. In connection with the private placement, the Company paid cash finders' fees of \$16,050 and issued 107,000 finders' warrants with a total fair value of \$8,693. Each finders' warrant is exercisable at a price of \$0.15 and expires on November 17, 2025.
- On December 21, 2023, the Company closed a private placement and issued 453,500 common shares at a price of \$0.15 per share for gross proceeds of \$68,025. In connection with the private placement, the Company paid cash finders' fees of \$4,081 and issued 27,210 finders' warrants with a total fair value of \$2,201. Each finders' warrant is exercisable at a price of \$0.15 and expires on December 21, 2025.
- On February 28, 2024, the Company closed a private placement and issued 665,000 common shares at a price of \$0.15 per share for gross proceeds of \$99,750. In connection with the private placement, the Company paid cash finder's fees of \$5,985 and issued 39,900 finders' warrants with a total fair value of \$3,236. Each finders' warrant is exercisable at a price of \$0.15 and expires on February 28, 2026.
- On March 8, 2024, the Company closed a private placement with the Company's directors and issued 200,000 common shares at a price of \$0.15 per share for gross proceeds of \$30,000.

The Company used all funds raised to explore its New Frontiers Project and to fund working capital.

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 December 31, 2024, 1,025,000 shares have been released from escrow with 9,225,001 (June 30, 2024 - \$nil) Escrowed Shares remaining.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2024 and the MD&A Date, the Company had no off-balance sheet arrangements and does not contemplate having them in the foreseeable future.

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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:

	Q2 2025	Q2 2024	YTD 2025	YTD 2024
	\$	\$	\$	\$
Operating expenses				
Director and management fees ⁽¹⁾	399,596	65,825	443,946	135,750
Exploration and evaluation	-	35,326	-	82,997
Marketing fees	10,000	-	10,000	-
	409,596	101,151	453,946	218,747
Other income				
Gain on debt forgiveness	-	-	84,000	-

(1) During the three and six months ended December 31, 2024, director and management fees include share-based compensation of \$352,427 and \$352,427, respectively (2023 - \$nil and \$nil).

As at December 31, 2024, \$34,573 was included in accounts payable and accrued liabilities for amounts due to related parties (June 30, 2024 - \$78,346). 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 amount of \$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 \$nil and \$147,000 for the three and six months ended December 31, 2024, respectively (2023 - \$nil and \$nil).

On October 18, 2024, the Company entered into a \$44,900 (the "Loan Amount") loan agreement with the CEO of the Company. The loan bears a transaction fee of \$2,500 (the "Fee") and is interest-free if repaid in full, including the Fee, by November 30, 2024. If not repaid in full on time, the outstanding balance including the Loan Amount and the Fee will bear interest at 5.0% per annum accrued monthly. On November 22, 2024, the Company fully repaid the Loan Amount and the Fee.

During the three and six months ended December 31, 2024, the Company paid \$30,000 and \$60,000, respectively, to IME (2024 - \$30,000 and \$60,000, respectively), a company controlled by Andrew Lee Smith, CEO of the Company, for technical advisory and consulting services.

During the three and six months ended December 31, 2024, the Company paid \$10,000 and \$10,000, respectively, to Mountain Top Advisory Services Ltd. (2024 - \$nil and \$nil, respectively), a company controlled by Mark Tommasi, the President of the Company, for marketing services.

During the three and six months ended December 31, 2024, the Company paid \$17,169 and \$31,519, respectively, to Invictus Accounting Group LLP (2024 - \$13,325 and \$30,750, respectively), a company controlled by Oliver Foeste, the Chief Financial Officer of the Company, for accounting and financial reporting services.

PROPOSED TRANSACTIONS

As at December 31, 2024 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, except for the following pronouncements which became effective for periods beginning on or after July 1, 2024.

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Classification of liabilities as current or non-current - amendments to IAS 1

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have not had an impact on the classification of the Company's liabilities.

The Company has not early adopted any other new accounting standards, interpretations or amendments that have been issued but are not yet effective.

CRITICAL ACCOUNTING JUDGMENTS AND KEY 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.

In preparing the Financial Statements, the Company applied the same significant judgements in applying its accounting policies and is exposed to the same sources of estimation uncertainty as disclosed its Annual Financial Statements.

FINANCIAL INSTRUMENTS

As at December 31, 2024, 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:

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 and deposits. 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. As at December 31, 2024, the Company had cash of \$716,522 (June 30, 2024 - \$4,983), a working capital surplus of \$1,279,809 (June 30, 2024 - working capital deficiency of \$201,330), and has assessed the liquidity risk as minimal. Refer to the Financial Statements with respect to going concern matters.

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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 1% change in the Canadian dollar exchange rate relative to the Brazilian real would change the Company's net loss by approximately \$70 (June 30, 2024 - \$1,072).

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

	December 31, 2024	June 30, 2024
	\$	\$
Cash	9,274	-
Accounts payable and accrued liabilities	(16,257)	(107,153)

OUTSTANDING SECURITIES DATA

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

	December 31, 2024	MD&A Date
	#	#
Common shares issued and outstanding ⁽¹⁾	43,852,233	43,970,233
Warrants	13,185,666	13,067,666
Stock options	5,532,500	5,532,500

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

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, 2024 and the period from incorporation on May 9, 2022 to June 30, 2023 as on SEDAR+ at www.sedarplus.ca.