

**C3 METALS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Three Month Period Ended November 30, 2021**  
**(Information as at January 27, 2022 unless otherwise noted)**



**INTRODUCTION**

This management's discussion and analysis ("MD&A") provides results of operations and financial condition for the three month periods ended November 30, 2021 and 2020. It was approved by the Board of Directors on January 27, 2022.

On July 31, 2020, the Company changed its name to C3 Metals Inc. (referred to herein collectively with its subsidiaries as "C3 Metals" or the "Company"). On June 18, 2015, Miocene Resources Limited ("Miocene") completed a reverse takeover with Carube Resources Inc. ("CRI"). The Company's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol CCCM and on the OTCQB Venture Market under the symbol CUAUF.

The consolidated financial statements include all of the assets, liabilities and expenses of C3 Metals and its wholly-owned subsidiaries, Carube Resources Inc., Carube Resources Jamaica Limited ("CRJL"), Rodinia Jamaica Limited ("RJL"), Latin America Resource Group Limited ("LARG"), and C3 Metals Peru S.A.C. ("C3 Peru").

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the periods ended November 30, 2021 and 2020 which are prepared in accordance with International Financial Reporting Standards ("IFRS"). The following discussion and analysis should also be read in conjunction with the Company's consolidated annual financial statements for the years ended August 31, 2021 and 2020, which are prepared in accordance with IFRS for annual financial statements. All figures are presented in Canadian dollars unless otherwise indicated.

**FORWARD-LOOKING STATEMENTS**

This MD&A contains certain statements that may be deemed "forward-looking statements" relating but not limited to the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, the failure to obtain sufficient funding for operating, capital and exploration requirements and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors

that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. C3 Metals undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

## **QUALIFIED PERSON**

The technical information contained in this MD&A has been approved by Stephen Hughes, P.Geo., the Company's Vice President Exploration and a Director, who is a Qualified Person as defined by National Instrument 43-101.

## **NATURE OF OPERATIONS AND DESCRIPTION OF BUSINESS**

C3 Metals is a junior minerals exploration company focused on discovery and development of large copper and gold deposits. The Company's flagship project is the 57km<sup>2</sup> Jasperoide high-grade copper-gold skarn and porphyry system located in the prolific Andahuaylas-Yauri Porphyry-Skarn belt of southern Peru (the "Jasperoide Project"). Mineralization at the Jasperoide Project is hosted in a similar geological setting to the nearby major mining operations at Las Bambas (MMG), Constancia (Hudbay) and Antapaccay (Glencore). C3 Metals also holds a 100% interest in five licenses covering 207 km<sup>2</sup> of highly prospective copper-gold terrain in Jamaica.

The Company has not determined whether its properties contain mineral resources that are economically recoverable. The recoverability of amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

## **RECENT DEVELOPMENTS**

On February 26, 2020, the Company acquired the Jasperoide Project through the acquisition of all of the issued and outstanding shares of Latin America Resource Group Limited, a private Canadian company, that held a 100% beneficial interest in eight exploration concessions and two option agreements to earn up to a potential 100% beneficial interest in five additional concessions, through its wholly-owned Peruvian subsidiary named C3 Metals Peru S.A.C. (formerly KA Oro S.A.C.). See further details under *Exploration Projects, Activities and Expenditures*.

On December 1, 2020, Fernando Pickmann was appointed as a director of the Company. Mr. Pickmann is a lawyer with over 20 years of corporate, securities and mining law experience and is a partner of Dentons law firm in Lima specializing in advising significant mining companies in Peru. Prior to joining Dentons, Fernando Pickmann was a professor of mining law and strategic alliances at Lima University and has acted as internal legal adviser to the Peruvian government on the Mining Privatization Committee of Centromin, Peru.

On January 5, 2021, the Company announced the appointment of Kevin Tomlinson to the position of President and Chief Executive Officer and as a director of the Company and Alec Rowlands as Vice President, Investor Relations. Stephen Hughes, the Company's former CEO, will focus on the role of Vice President, Exploration. Kevin Tomlinson is a structural geologist and investment banker with over 35 years experience in the exploration, development and financing and M&A of mining projects globally. Prior to joining C3 Metals, Kevin Tomlinson was a Director of Centamin Egypt and was Chairman of Cardinal Resources Limited, a dual listed ASX / TSX listed company that delineated a Tier 1, 7.5-million-ounce gold deposit in Ghana and was taken over in 2021. Alec Rowlands has over 25 years experience in mining finance and was former managing director of First Marathon Securities (London) and former head of sales for Gordon Capital (New York) as well as holding senior finance positions with Yorkton Securities, Westwind Partners, Jennings Capital and PowerOne Capital Markets Ltd.

In January 2021, the Company announced the completion of a core resampling program at its Jasperoide Project and in February 2021, the Company announced that it had commenced a Phase 1 drilling program comprised of an initial 3,500 metres in approximately 15 holes of 100 to 250 metre depth, nominally on 50 metre centres designed to demonstrate lateral and vertical continuity of the high-grade oxide copper-gold mineralization. On May 25<sup>th</sup>, June 16<sup>th</sup>, July 27<sup>th</sup>, September 8<sup>th</sup> and 30<sup>th</sup>, December 13<sup>th</sup>, 2021 and January 12<sup>th</sup>, 2022, the Company provided updates on exploration activities including assay results. Further details on the exploration program are included under *Exploration Projects, Activities and Expenditures*.

In February 2021, the Company closed a brokered private placement financing in two tranches raising total gross proceeds of \$7,414,509 with the issuance of 52,960,779 common shares. In connection with the financing, the Company paid aggregate cash commissions and corporate finance fees of \$518,446 and issued a total of 3,706,900 broker warrants to the agents. Each broker warrant entitles the holder to purchase one common share at a price of \$0.14 per share until their expiry date on February 18, 2022.

On March 29, 2021, the Company announced that during the period from mid-January to late March 2021, a total of 23,440,751 warrants and 8,060,000 stock options were exercised resulting in cash proceeds to the Company of approximately \$2.8 million. These proceeds, in addition to the \$7.4 million of gross proceeds raised in the Company's private placement financing closed on February 18, 2021, resulted in the Company holding approximately \$10.3 million in cash at the end of March 2021.

On June 22, 2021, the Company entered into a binding agreement with Rodinia Resources Pty Limited ("Rodinia") to purchase 1.5% of the 2% NSR related to the Hungry Gully and Main Ridge licenses in Jamaica for cash consideration of \$93,497 (US\$75,000) and the issuance of 190,062 common shares valued at \$29,840. The agreement also provides the Company with a right of first refusal to purchase the remaining 0.5% NSR.

On July 13, 2021, the Company entered into a binding Heads of Agreement to acquire 100% of Hochschild Mining PLC's ("Hochschild") interest in the Jasperoide copper-gold project in Peru. This acquisition closed subsequent to year end on October 13, 2021. Consolidation of the ownership in Jasperoide was facilitated through an amendment of the original Master Agreement entered into by C3 Peru in 2017. The transaction, between C3 Peru and Compania Minera Ares S.A.C. ("Ares"), a wholly owned subsidiary of Hochschild provided for the payment to Hochschild of 25,001,540 common shares of the Company and the grant of a 1.5% NSR royalty ("NSR") in favour of Ares in respect of the Hochschild Jasperoide mineral concessions subject to the right of the Company to purchase 1% of the NSR (thereby reducing the NSR to

0.5%) for a price of US\$1,000,000 at any time, replacing the previously granted 1.5% net smelter returns royalty that had no buy back provision. The common shares issued are subject to contractual resale restrictions providing that the common shares may not be sold, transferred, optioned, encumbered, pledged or hypothecated in any way, except as follows: (i) as to 25% on the date which is four months from the date of issuance; (ii) as to 25% on the date which is eight months from the date of issuance; and (iii) as to 50% on the date which is 12 months from the date of issuance.

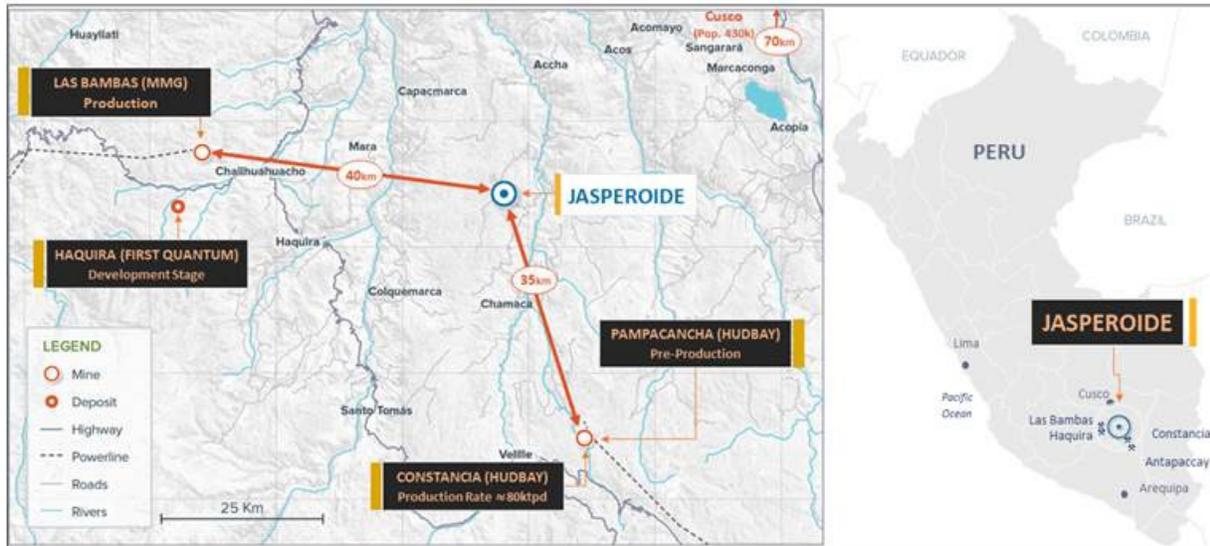
On September 29, 2021, the Company and Tocvan Ventures Corp. (“Tocvan”) entered into a purchase and sale agreement for the Rogers Creek project whereby Tocvan acquired a 100% interest in the project and the prior option earn-in agreement was terminated. As consideration, the Company received 500,000 common shares of Tocvan and an agreement that \$75,000 in common shares will be issued in a newly formed company called Cascade Copper Corp., based on the prelisting finance price when listed on the Canadian Securities Exchange. Tocvan will, subject to shareholder and regulatory approval, spin out its 100% interest in the Rogers Creek project into Cascade Copper Corp., which will focus on copper porphyry exploration assets in southern British Columbia. The Company will retain a 2% NSR on the Rogers Creek project where 1% can be repurchased for \$1 million.

On November 9, 2021, the Company closed a bought deal private placement with the issuance of 101,582,178 common shares at \$0.19 per common share for gross proceeds of \$19,300,614. Cash commissions totaling \$1,150,541 were paid to the underwriters and a total of 6,016,031 compensation warrants exercisable for common shares at \$0.19 were issued with an expiry date of November 9, 2023.

## **EXPLORATION PROJECTS, ACTIVITIES AND EXPENDITURES**

### **PERU – JASPEROIDE PROJECT**

The Company holds a 100% beneficial interest in 11 exploration concessions and has an option agreement to earn a 100% interest in two additional concessions. These 13 concessions comprise the Jasperoide Project, located in the Andahuaylas-Yauri belt of Peru where several large producing copper-gold-molybdenum deposits and mines are owned by major companies, including Las Bambas (MMG), Haqira (First Quantum) and Constanca (Hudbay). The Jasperoide Project concessions cover a total area of 5,696 hectares and hosts a number of copper-gold skarn and porphyry targets at various stages of exploration, with drilling by previous explorers intersecting intervals of copper-gold mineralization.



**Figure 1 – Jasperoide Project location, southern Peru**

On February 26, 2020, the Company completed the acquisition of a 100% interest in LARG which through its wholly-owned subsidiary, C3 Peru, held a 100% beneficial interest in eight exploration concessions and had two option agreements (La Bruja Option Agreement and Ares Option Agreement) to earn a potential 100% beneficial interest in five additional concessions.

The La Bruja Option Agreement between C3 Peru and Inversiones La Bruja S.A.C. (“La Bruja”) provides for an option to earn a 100% interest in the equity shares of La Bruja subject to minimum cumulative exploration expenditures of US\$2,000,000 and total cash option payments of US\$2,000,000. As at August 31, 2021, cash option payments totaling US\$500,000 had been provided with a balance of US\$1,500,000 outstanding. During June 2020, amending agreements to adjust the timing of cash option payments and exploration expenditure requirements were concluded. Future anniversary payments due by August 31 each year are as follows: 2022 – US\$500,000; and, 2023 – US\$1,000,000. During the fourth quarter of fiscal 2021 cumulative exploration expenditures had been incurred exceeding the total minimum of US\$2,000,000 required prior to August 31, 2023. Following the earn-in of a 100% interest in the concessions a net smelter return (“NSR”) royalty of 1.5% would be payable to the former shareholders of La Bruja.

The Ares Option Agreement between C3 Peru and Compania Minera Ares S.A.C. (“Ares”), a subsidiary of Hochschild PLC (“Hochschild”) provided the Company with the right to earn an initial 51% interest in these concessions subject to incurring cumulative exploration expenditures of US\$5,000,000 (including LARG and KA Oro expenditures prior to the February 26, 2020 acquisition date and including certain administrative costs) by October 2023. During June 2021, the Company exceeded the cumulative expenditure requirements and on July 13, 2021, the Company entered into a binding Heads of Agreement to acquire 100% of Hochschild's interest in the three concessions which closed effective October 13, 2021. As consideration for the acquisition, the Company issued 25,001,540 common shares of the Company to Hochschild. In connection with the acquisition, the Company granted a 1.5% NSR royalty in favour of Ares in respect of the Hochschild mineral concessions subject to the right of the Company to purchase 1% of the NSR (thereby reducing the NSR to 0.5%) for a price of US\$1,000,000 at any time, replacing the previously granted 1.5% net smelter returns royalty that had no buy back provision.

## Exploration Activities

Copper-gold mineralization at the Jasperoide Project is associated with skarn-altered carbonate rocks of the Ferrobamba formation (exoskarn) and granodiorite and tonalite intrusive rocks (endoskarn). Exoskarn comprises a partially to completely replaced dolomite with an alteration assemblage of coarse garnet, diopside and lesser epidote. Endoskarn is characterized by pervasive to fracture controlled garnet, epidote and diopside alteration in granodiorite and tonalite. Late-stage retrograde alteration overprints both the endoskarn and exoskarn and is characterized by intense magnetite flooding with lesser quartz, calcite and specular hematite.

In 2020, C3 Metals undertook a comprehensive review of all historical data for the Jasperoide porphyry-skarn district and identified three high-priority targets, Montana de Cobre, Cresta Verde and Callejon de Oro Zones described below.

### Montana de Cobre Zone

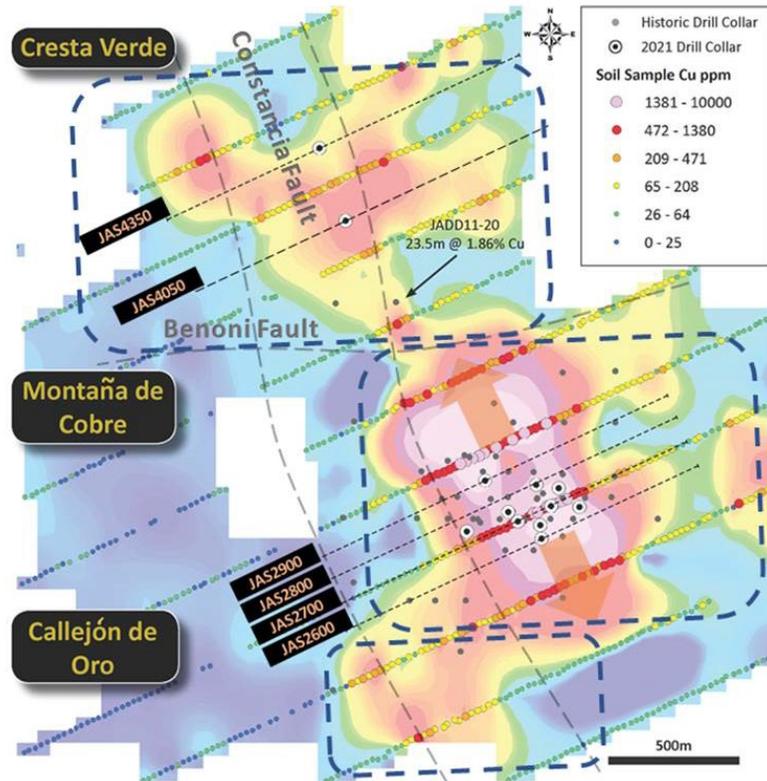
- Extensive 1.5 kilometres of strong copper and gold mineralization hosted in skarns
- Previous drilling intersected wide intervals of ore-grade copper-gold mineralization, which include:
  - 185.2 metres at 1% Cu, 0.39 g/t Au in JADD11-03 (from 22 m);
  - 114.9 metres at 0.97% Cu, 0.37 g/t Au in JADD12-03 (from 37.1 m);
- Proximal diorite porphyry shows endoskarn and phyllic alteration with porphyry B-type veining.
- Mineralization remains open in all directions

### Cresta Verde Zone

- Outcropping skarn-hosted copper-gold mineralization with coincident IP and Magnetic anomalies
- Historical drill hole into the magnetic feature intersected 23.5 m at 1.86% Cu (JADD11-20 from 19 m)
- Three kilometres of untested strike potential for immediate step out drilling
- Hydrothermal system appears contiguous to Montana de Cobre Zone

### Callejon de Oro Zone

- Coincident IP and magnetic anomaly measuring 1.2 kilometres, southwest of Montana de Cobre
- High-grade epithermal gold mineralization; minimal scout drilling and remains highly prospective
- Historical Trench 24 assayed 11 m at 19.5 g/t Au; minimal scout drilling and remains highly prospective



**Figure 2 - Map showing three zones and copper in soil geochemistry**

In early 2021, the Company completed a core resampling program which focused on core from seven holes that were drilled by Hochschild in 2011 to 2012, totaling approximately 645 metres. The program was initiated to confirm the distribution and tenor of the skarn-hosted copper-gold mineralization and to verify historical results for future resource calculations. Results from the program confirmed both the successful verification of, and significant copper intercepts in, all seven historical holes. Highlights of the core resampling program included:

- Strong correlation between the spatial distribution of the mineralization and grades in comparison to the historical and 2020 resampled half core.
- Broad intervals of strong copper and gold assays were verified in all historical drill holes, including:
  - JADD11-03 returned 136 m at 0.76% Cu and 0.35 g/t Au (historical one-half core)
  - JADD11-03 returned 136 m at 0.75% Cu and 0.35 g/t Au (resampled one-half core)
- Significant zones of high-grade copper and gold assays were also verified, including:
  - JADD11-04 returned 24 m at 2.96% Cu and 0.70 g/t Au (historical one-half core)
  - JADD11-04 returned 24 m at 2.76% Cu and 0.67 g/t Au (resampled one-half core)

In February 2021, the Company initiated its Phase 1 drill program of 3,500 metres in 15 holes commencing at the Montana de Cobre Zone. In May, the Phase 1 drill program was expanded to 10,000 metres and was completed on October 31 with the drilling of 10,043.75 metres in 36 holes. Drilling confirmed a well-developed copper-gold oxide system at the Montana de Cobre Zone, which is laterally extensive for up to 500m and continuous for 300m along strike. Drilling encountered high-grade, skarn hosted copper-gold mineralization, including 229m @ 0.99% Cu and 0.43g/t Au – see Table 1 below for selected assay results. Numerous porphyry vectors have been identified at the Montana de Cobre Zone, including: 1)

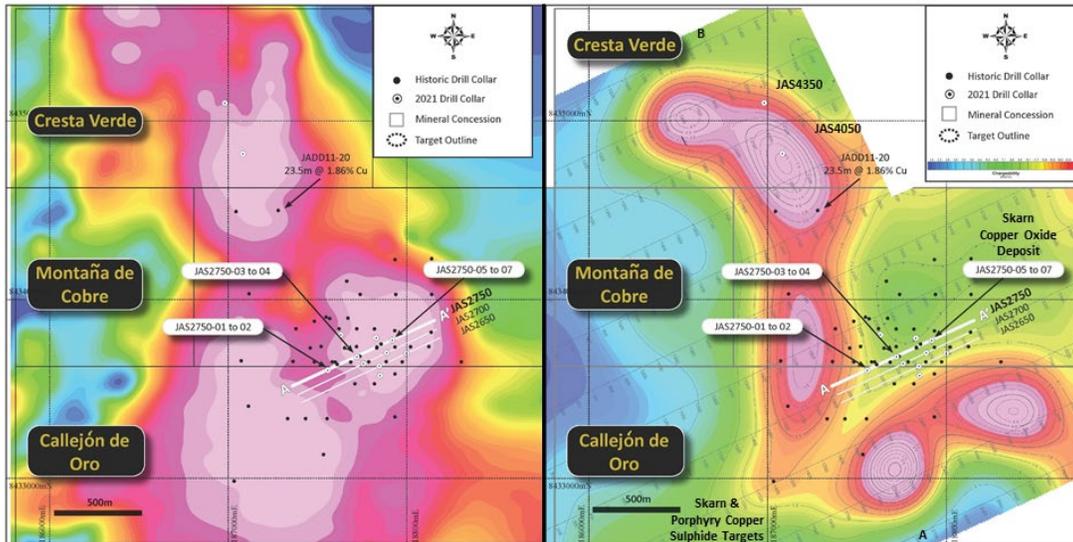
mineralized porphyry fragments; 2) telescoped high and low sulphidation epithermal veins; and 3) porphyry style veins.

<b>Table 1 – Phase 1 Drill Program – Montana de Cobre Zone - Selected Assay Results</b>							
<b>Hole</b>	<b>From</b>	<b>To</b>	<b>Length</b>	<b>Cu (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Mineralization Zone</b>
JAS2650-05	92.6	145.8	53.24	3.11	0.46	2.79	Skarn
Including	116.0	145.8	29.84	4.96	0.56	3.34	Skarn
Includes	128.0	145.1	17.10	6.69	0.59	3.71	Skarn
JAS2650-05	156.6	164.3	7.70	1.49	0.02	3.11	Skarn
JAS2650-05	178.0	195.0	17.00	2.10	0.61	4.79	Skarn
JAS2650-06	1.7	119.0	117.30	1.31	0.15	3.19	Skarn
Including	59.0	119.0	60.00	2.38	0.14	3.31	Skarn
Includes	77.0	115.5	38.50	3.50	0.12	4.32	Skarn
Includes	99.2	115.2	16.00	6.39	0.06	2.48	Skarn
JAS2650-07	79.0	122.0	43.00	1.67	0.14	1.90	Skarn
Including	103.9	122.0	18.10	3.72	0.02	2.76	Skarn
Includes	112.0	122.0	10.00	4.23	0.02	2.57	Skarn
JAS2650-03	70.4	124.4	54.05	1.17	0.45	1.86	Skarn
JAS2650-03	154.9	181.0	26.10	2.19	0.69	3.97	Skarn
JAS2700-02	68.44	168.25	99.81	0.90	0.34	2.30	Skarn
JAS2700-03	87.29	206.00	118.71	1.15	0.37	1.94	Skarn
Including	106.05	136.00	29.95	2.57	0.50	3.03	Skarn
JAS2700-07	85.85	129.30	43.45	2.21	0.49	3.27	Skarn
Includes	113.50	128.50	15.00	5.44	0.39	6.65	Skarn
JAS2700-08	21.30	108.60	87.30	0.97	0.35	1.90	Skarn
Includes	62.10	68.35	6.25	1.44	0.56	1.84	Skarn
Includes	83.79	108.60	24.81	2.00	0.61	2.10	Skarn
JAS2750-04	66.10	189.25	123.15	1.28	0.50	3.27	Skarn
JAS2750-05	0.45	229.90	229.45	0.99	0.43	2.34	Skarn
Includes	69.20	92.64	23.44	1.98	0.96	3.69	Skarn
Includes	130.40	210.40	80.00	1.89	0.78	4.15	Skarn
JAS2750-06	0.80	104.80	104.00	0.90	0.32	1.77	Skarn
JAS2750-07	1.50	107.60	106.10	0.99	0.28	2.74	Skarn

At Cresta Verde Zone, drilling intersected broad zones of skarn with 5-30% sulphides (pyrite, pyrrhotite and chalcopyrite). A breccia containing 50-90% sulphides was also intersected, interpreted as the “colder” part of the hydrothermal system, evidenced by a high pyrite to chalcopyrite ratio and the absence of bornite. Consequently, the program has been expanded to drill up to an additional 15,000 metres at the Montana de Cobre Zone and the Cresta Verde Zone, targeting stacked skarns and the interpreted

porphyry system at depth, which appears to be the driving force behind this large-scale hydrothermal system.

Also in 2021, the Company completed an 1,800-line-kilometre helicopter-borne magnetic and radiometric survey and a 43-line-kilometre ground induced polarization (IP) survey to guide deeper drilling of high-grade copper-gold mineralization and to define additional targets for drilling.



**Figure 3 – Magnetics Analytical Signal Image (left); IP-Chargeability (right) over drill permit area.**

The Phase 2 drill program commenced in January and is being undertaken by a larger drill rig with the capability to test for stacked skarns and porphyry targets at depth. The Phase 2 drill program is planned to comprise up to 15,000 metres, testing the depth extent of the hydrothermal system at the Montana de Cobre and Cresta Verde Zones. A first pass Hybrid controlled Source Audio-Magnetotelluric (“Hybrid CSAMT”) survey undertaken in December identified “probable feeder structures” at both zones, which extend to a large resistive feature at depth. The resistive feature below Montana de Cobre Zone is interpreted as a potential copper-gold porphyry system (see January 12, 2022 press release) and drilling will test this feature, as well as for potential stacked copper-gold skarns. Copper and gold mineralization at Montana de Cobre Zone occurs within a strongly skarn altered dolomite of the upper Ferrobamba Formation and there are other such favourable carbonate units within the lower Ferrobamba. The nearby Las Bambas deposit is partially hosted by an impure limestone at the lower Ferrobamba Formation, and therefore this represents an attractive target at Jasperoide. The new discovery of skarn and massive sulphide mineralization at Cresta Verde Zone will also be tested, exploring for potential high grade copper sulphide mineralization at depth (bornite) and the source of these hydrothermal fluids.

### Acquisition Costs

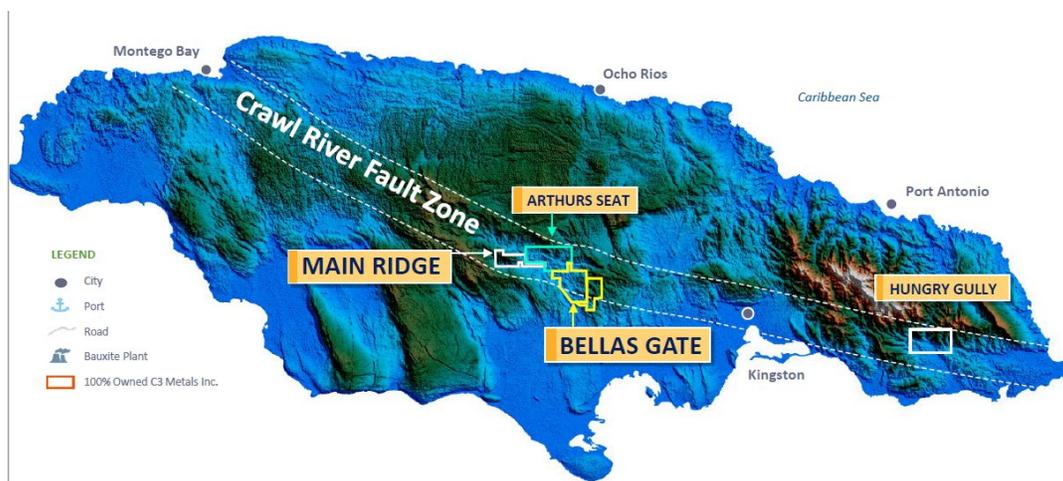
As at November 30, 2021 property acquisition costs for the Jasperoide project total \$13,604,989. During the three month period ended November 30, 2021, the Company incurred license acquisition and renewal costs of \$341,236 and acquired 100% of Hochschild’s interest in the Jasperoide Project through the issuance of 25,001,540 common shares of the Company valued at \$5,100,314 and the grant of a 1.5% NSR.

## Exploration Expenditures

During the three month period ended November 30, 2021, the Company incurred a total of \$2,343,724 with respect to Jasperoide Project exploration costs. Components of total costs comprised: \$701,469 relating to geology; \$12,712 related to geophysics; \$1,017,073 related to drilling, assay, costs for COVID-19 readiness and protocols and camp operations; \$19,454 related to environmental costs; \$254,917 related to community and social development; \$59,675 related to health and safety costs; and, \$278,424 related to Peruvian IVA tax on these expenditures. As at November 30, 2021, the carrying value of the Jasperoide Project deferred exploration expenditures totals \$7,928,204.

## JAMAICA

In Jamaica, the Company has 100% ownership of five licences covering 207 square kilometres including Bellas Gate, Browns Hall, Main Ridge, Hungry Gully and Arthur's Seat. The Bellas Gate Project is comprised of the Bellas Gate and Browns Hall licenses which are subject to two NSRs, a 2% NSR in favour of Clarendon Consolidated Minerals Ltd. The Main Ridge and Hungry Gully licenses are subject to a 0.5% NSR with the Company having a first right of refusal to purchase the NSR at a purchase price to be negotiated.

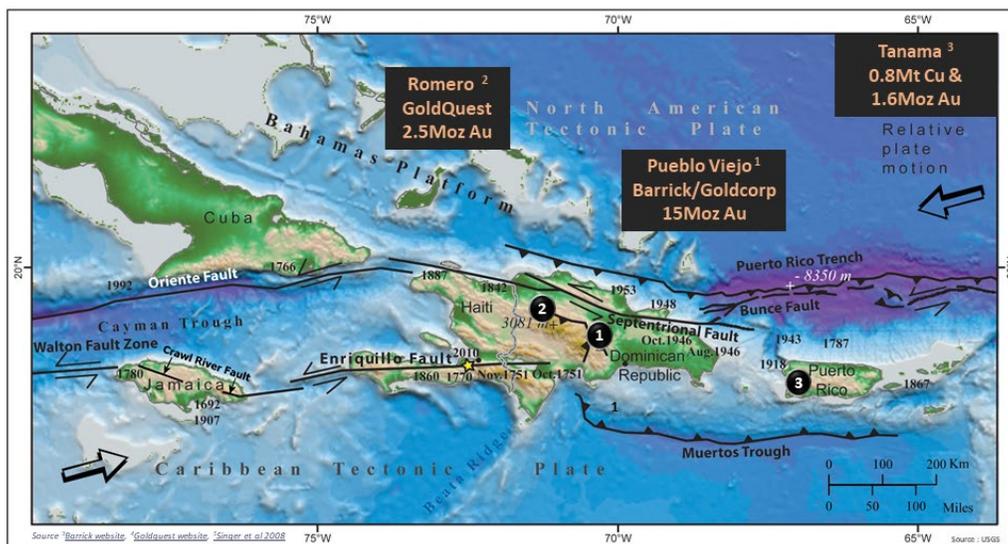


**Figure 4 - C3 Metals' mineral properties in Jamaica**

The Company also holds a 1% NSR on its previously owned Berkshire Hall, Mount Ogle, Shirley Castle and Windsor Castle licenses that were sold to Geophysx Jamaica Ltd. ("Geophysx") in 2019. Under the terms of that agreement, Geophysx has the right to buy down 50% (representing 0.5%) of the NSR for US\$50,000 per each 0.1% of the NSR (total of US\$250,000) and the balance of the NSR for US\$70,000 per each 0.1% of the NSR (total of US\$350,000). Additional consideration from Geophysx for the purchase of these properties include future cash payments to the Company at milestones following commencement of commercial production that could total US\$240,000.

## Exploration Activities

The Central Inlier of Jamaica is an important copper-gold porphyry belt that is host to multiple copper-gold porphyry and related gold-base metal quartz-carbonate epithermal style vein systems. Jamaica is highly prospective as it lies within a significant structural corridor that is host to several large deposits to the east including Romero, Pueblo Viejo and Tanama (see Figure 5).



**Figure 5 - Plate tectonic setting of Jamaica, showing nearby copper-gold deposits**

The Crawl River Fault and associated splays act as first-order fluid conduits and are closely associated with a significant number of mineral prospects and occurrences at the Bellas Gate, Main Ridge and Arthurs Seat properties (see Figure 4 above). An ASD spectrometer was used to accurately identify and map the alteration mineral assemblages at high-priority copper and gold porphyry and epithermal targets.

### Bellas Gate Project

The Bellas Gate Project is comprised of the Bellas Gate and Browns Hall SEPLs located within deformed, altered and mineralized Cretaceous rocks, within the Central Inlier of Jamaica. In 2021, the Company undertook a review of historical data and a 12 week field mapping, alteration and sampling program. The study identified two high priority copper and gold porphyry copper-gold prospects located proximal to the Connors and Camel Hill porphyry projects, namely Epidote Ridge and Coffee (described in the Company's August 30, 2021 press release). Epidote Ridge and Coffee represent compelling porphyry and epithermal vein targets that can rapidly be advanced to drill status.

In 2022, the Company is planning to drill up to 5,000m at Bellas Gate and continue evaluating other highly prospective porphyry and epithermal targets.

## Main Ridge

Soil geochemistry surveys were completed by the Company during 2014 and 2015. At Main Ridge, a one-kilometre long segment in the southwestern part of the licence was characterized by anomalous copper values of 250 to 664 ppm copper and gold values of up to 33 ppb.

Two highly prospective targets at Main Ridge, including:

- the Main Ridge Gold Zone as defined by gold in soils, an airborne potassium anomaly and distinct structures extending over two kilometres west-northwest of the former Pennants gold mine.
- the Orange Hill Copper Prospect is located on the western part of Main Ridge and is characterized by a large magnetic feature coincident with copper-gold in soil anomalies.

During 2018, additional mapping and sampling focused on the Main Ridge Gold Zone where results identified gold mineralization associated with structural trends hosting quartz, carbonate and zeolite veins. Mineralization occurs along dilational jogs developed at the intersection of the low angle northwest structures and cross cutting steeply dipping northeast structures. Vein widths are variable, but are locally up to 10 metres in apparent thickness. Rock chip assay results returned up to 19.3 g/t gold at Mango Valley, 12.0 g/t gold at Donkey Hill and 1.7 g/t gold at Silver Fish, all within the Main Ridge Gold Zone.

During October and November 2018, the Company announced additional positive results from its surface exploration program at the Main Ridge project. A grid-based soil sampling program extended the strike length of the coherent zone of strong gold in soils, parallel to the trend of the Bennet Gold Zone. Results to date validate the exploration team's interpretation that the gold-bearing epithermal veins extend northwest and southeast of the former Pennants gold mine.

During January 2019, the Company announced assay results from soil and rock sampling over the eastern area of the Main Ridge project. The mapping and prospecting, grid-based soil sampling program and follow-up rock channel sampling have identified high-grade copper-silver mineralization along the Rio Minho Valley, located northeast of and parallel to the Bennet Gold Zone. Highlights of rock channels include:

- Channel sampling at the Cobre Verde prospect returned:
  - 16.0 metres at 1.22% copper plus 7.8 g/t silver;
- Channel sampling at the Lime Valley prospect returned:
  - 2.0 m at 6.07% copper plus 19.4 g/t silver;
  - 2.0 m at 1.92 percent copper plus 8.1 g/t silver;
- Channel sampling at the Trout Hall prospect returned:
  - 6.0 m at 2.0% copper, 6.0 m at 1.6% copper.

The Company is planning to evaluate and rank the prospects and if warranted, undertake up to 2,500m of drilling to test the potential of the Rio Minho Valley.

## Hungry Gully

Soil geochemistry surveys were completed by the Company during 2014 and 2015. In 2022, the Company plans on undertaking surface exploration mapping and sampling to evaluate the block.

## **Arthurs Seat**

Historic maps show over 50 copper occurrences at Arthurs Seat. In 2022, the Company will evaluate two priority areas where significant copper mineralization has been identified by previous explorers.

## **Acquisition Costs**

As at November 30, 2021, the Company had a capitalized balance of \$1,739,016 (August 31, 2021 - \$1,783,909) with respect to property costs for the Bellas Gate Project and \$997,526 (August 31, 2021 - \$997,683) for the other Jamaica licenses. During the three month period ended November 30, 2021, licence renewal fees were \$238.

## **Exploration Expenditures**

As at November 30, 2021, exploration expenditures incurred directly by the Company for the Bellas Gate Project have a total carrying value of \$4,199,140 (August 31, 2021 - \$4,160,598). These costs are comprised of the Company's direct exploration expenditures. Costs incurred by the Company during the three month period ended November 30, 2021 total \$71,924 and are related to geology costs of \$54,571, drilling related costs of \$10,584, environmental costs of \$1,520, community and social development costs of \$2,428, and health and safety costs of \$2,821.

As at November 30, 2021, the carrying value of exploration costs for the other Jamaica licenses total \$825,490 (August 31, 2021 - \$790,561). During the three month period ended November 30, 2021, the Company incurred total costs of \$35,129 primarily at Main Ridge. These costs related primarily to geological field work for \$34,979.

## **CANADIAN PROJECTS**

### **British Columbia**

In 2021, the Company divested of its interest in the Rogers Creek property and wrote off the Mackenzie property. In September 2021, the Company entered into a purchase and sale agreement with Tocvan Ventures Corp. to sell its 100% interest in the Rogers Creek project in exchange for 500,000 Tocvan common shares and common shares in a newly formed company called Cascade Copper Corp., having a value of \$75,000, based on the prelisting finance price when listed on the Canadian Securities Exchange. Tocvan will, subject to shareholder and regulatory approval, spin out its 100% interest in the Rogers Creek project into Cascade Copper Corp., which will focus on copper porphyry exploration assets in southern British Columbia. The Company will retain a 2% NSR on the Rogers Creek project where 1% can be repurchased for \$1 million. The purchase and sale agreement superceded a May 2018 option earn-in agreement with Tocvan which provided Tocvan with the right to earn an 80% interest in the project in exchange for the issuance of 1,300,000 Tocvan common shares over the initial four year earn-in period. Initial payments of \$25,000 cash and 500,000 common shares were received in March 2019 and a further 200,000 Tocvan common shares were received in June 2020.

During the quarter ended August 31, 2021, the Company recorded an impairment charge of \$3,039,374 with respect to prior property and exploration expenditures for the Rogers Creek and Mackenzie projects. During December 2021, the Mackenzie project claims lapsed.

## Nova Scotia

During the quarter ended May 31, 2021, the Company determined that it would not continue with exploration at the Stewart Brook Gold project that comprised a 100% interest in four licences covering 46 square kilometres in Guysborough County, Nova Scotia. An impairment charge of \$39,797 was recorded with respect to prior property costs and exploration expenditures for the project.

### SELECTED INTERIM INFORMATION

The following tables contain selected interim financial information for the three month periods ended November 30, 2021 and 2020.

	Three month period ended November 30, 2021 \$	Three month period ended November 30, 2020 \$
Revenue	Nil	Nil
Total expenses	(1,014,404)	(325,060)
Other income (expense)	16,730	48,956
Net loss for the period	(997,674)	(276,104)
Basic and diluted loss per common share	(0.00)	(0.00)
Cash dividend per common share	Nil	Nil

### OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

#### RESULTS OF OPERATIONS

##### Expenses

For the three month period ended November 30, 2021, total expenses before interest, other income and foreign exchange loss were \$1,014,404 and were comprised of: \$250,268 related to promotion and investor relations; \$36,128 related to regulatory authority and transfer agent fees; \$69,939 with respect to professional fees for legal, accounting and audit services; \$354,445 with respect to office, general and administrative costs; \$2,200 with respect to project generation and evaluation; and, \$301,424 with respect to non-cash share based compensation expense for stock options and restricted share units.

Total expenses, before other income and expenses were \$689,344 higher during the first quarter of fiscal 2022 when compared to the same quarter in fiscal 2021. Promotion and investor relations costs were higher by \$194,047. Increased costs related to new promotional campaigns to increase investor awareness, increased attendance at industry and investor conferences and related travel, investor meetings in the UK and Europe and the addition of the Vice President, Investor Relations who joined the Company in January 2021. Regulatory and transfer agent fees were \$29,857 higher related primarily to costs associated with the addition of an OTC Markets listing and obtaining DTC eligibility in the United States. Professional fee expenses were higher by \$47,747 primarily related to higher legal costs in Peru and to higher audit and accounting costs. Office, general and administrative costs were higher by \$115,481. Several factors resulted in higher administrative costs: the senior management group was

expanded with the addition of a new President and Chief Executive Officer in January 2021. The Company established a new corporate head office in Toronto and incurred related setup and support costs. Additionally, costs for telecommunication, internet and insurance were higher due to expanded activity. Share based compensation expenses were \$301,424 during the first quarter of fiscal 2022 and related to non-cash charges for both stock options granted in 2021 and to restricted share units granted during January of 2021. No share based compensation expense was recorded in the first quarter of fiscal 2021.

### Other Income and Expense

Other income and expenses during the three month period ended November 30, 2021 totaled a net income amount of \$16,730. Interest income on cash balances during the first quarter of fiscal 2022 was \$2,041. A gain on the Tocvan marketable securities of \$23,035 was recorded during the quarter. A foreign exchange loss of \$8,346 was also recorded.

### Net Loss and Loss per Common Share

For the three month period ended November 30, 2021, net loss was \$997,674 (Q1 fiscal 2021 – \$276,104). Basic and diluted loss per common share was \$0.00 (Q1 fiscal 2021 – \$0.00). As the Company incurred a net loss for each of these periods, the diluted number of common shares outstanding excludes all contingently issuable shares as they have an anti-dilutive effect for the periods presented.

### Other Comprehensive Loss

Upon consolidation, the financial statements of the Jamaican subsidiaries (CRJL and RJL) and Peruvian subsidiary (C3 Peru) are translated into Canadian dollars as follows: assets and liabilities - at the closing rate at the date of the statement of financial position, and income and expenses - at the average rate for the period. All resulting foreign exchange translation adjustments are recognized in other comprehensive loss. During the three month period ended November 30, 2021 a foreign currency translation gain of \$171,323 (Q1 fiscal 2021 – \$12,242) was recorded in other comprehensive loss.

## LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2021, the Company held cash and cash equivalents of \$19,968,212 (August 31, 2021 – \$5,846,804) and had working capital of \$20,241,783 (August 31, 2021 – \$5,128,807). The Company has financed its operations primarily with equity financing.

On November 9, 2021 the Company closed a bought deal private placement with a total of 101,582,178 common shares issued for gross proceeds of \$19,300,614. Cash commissions totaling \$1,150,541 were paid to the underwriters and a total of 6,016,031 compensation warrants exercisable for common shares at \$0.19 were issued with an expiry date of November 9, 2023.

During September 2021, the Company received 500,000 additional Tocvan common shares in connection with the purchase and sale agreement for the Rogers Creek project. These common shares were valued at \$450,000 at the time of receipt. As at November 30, 2021, the Company held a total of 613,100 Tocvan common shares having a fair value of \$600,838.

## Financing Activity During Fiscal 2021

During February 2021, the Company closed a brokered private placement financing in two tranches raising total gross proceeds of \$7,414,509 with the issuance of 52,960,779 common shares. In connection with this financing, the Company paid cash commissions and a corporate finance fee in the aggregate amount of \$518,446 and issued a total of 3,706,900 broker warrants to the agents. Each broker warrant entitles the holder to purchase one common share at a price of \$0.14 per share until their expiry date on February 18, 2022.

During the period of January through March of 2021, a total of 23,344,751 warrants due to expire during March 2021 were exercised for proceeds to the Company of \$2,334,475; a total of 458,800 broker warrants were exercised for proceeds of \$23,840; and, 8,060,000 stock options were exercised for proceeds of \$481,000.

Given the Company's plans for significant exploration expenditures focused on the Jasperoide, Peru project and also on the Jamaican projects during 2022, the Company will require additional funding to be able to acquire, advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; the generation of profits from operations; or, the sale of property assets in the future.

## Contractual Obligations

The Company does not have any fixed contractual obligations or commitments for capital or operating leases, purchase obligations or other long-term commitments. Any commitments under exploration option agreements are cancellable at the Company's option but would result in forfeiture of rights under such agreements.

## OUTSTANDING SHARE DATA

Information with respect to outstanding common shares, warrants, broker warrants, stock options, restricted share units and deferred share units as at January 27, 2022, November 30, 2021 and August 31, 2021 is as follows:

	January 27, 2022	November 30, 2021	August 31, 2021
Common shares	587,190,221	586,766,421	460,182,703
Warrants	5,200,000	5,200,000	5,200,000
Broker warrants	11,297,931	12,016,331	6,000,300
Stock options	38,345,000	38,345,000	38,345,000
Restricted share units (RSUs)	1,500,000	1,500,000	1,500,000
Deferred share units (DSUs)	1,551,694	1,551,694	1,551,694
Fully diluted shares outstanding	645,084,846	645,379,446	512,779,697

On December 3, 2021, a total of 423,800 broker warrants were exercised for proceeds of \$21,190. On January 18, 2022, a total of 294,600 broker warrants expired.

On November 9, 2021, the Company closed a bought deal private placement with a total of 101,582,178 common shares issued for gross proceeds of \$19,300,614. The underwriters were issued a total of 6,016,031 compensation warrants exercisable for common shares at \$0.19 with an expiry date of November 9, 2023.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments consist of cash and cash equivalents, restricted deposits, marketable securities, accounts payable and accrued liabilities. Details relating to financial instruments and risk management associated with credit risk, liquidity risk, currency risk and interest rate risk are disclosed in note 13 to the annual consolidated financial statements for the years ended August 31, 2021 and 2020.

### **RELATED PARTY TRANSACTIONS AND COMPENSATION OF KEY MANAGEMENT**

The Company has contracts for management and geological services with its officers, directors and companies controlled by its officers and directors. Key management includes all persons named or performing the duties of CEO, CFO, Vice President, and Director. Compensation awarded to key management for the three month periods ended November 30, 2021 and 2020 is set out in note 9 to the unaudited interim condensed consolidated financial statements.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of mineral exploration properties and deferred exploration expenditures; the valuation of equity instruments including warrants, compensation options and stock options; and, the ability of the Company to continue as a going concern.

Details with respect to critical accounting estimates, judgments and estimation uncertainties are disclosed in note 3 to the annual consolidated financial statements for the years ended August 31, 2021 and 2020.

### **NEW ACCOUNTING STANDARDS**

Certain pronouncements were issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting years ended after December 31, 2020. Many are not applicable or do not have a significant impact on the Company and have been excluded from the summary below.

## Presentation of Financial Statements (Amendment to IAS 1)

The amendments to IAS 1, clarify the presentation of liabilities. The classification of liabilities as current or non-current is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment also introduces a definition of ‘settlement’ to make clear that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The implementation of this amendment is not expected to have a material impact on the Company.

## RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business. Investment in the natural resource industry in general, and the exploration and development sector in particular, involves a great deal of risk and uncertainty. Current and potential investors should give special consideration to the risk factors involved. These factors are discussed more fully in the annual Management’s Discussion and Analysis dated December 15, 2021 which is filed on SEDAR.

### Global COVID-19 Pandemic

The outbreak of COVID-19 resulted in governments worldwide enacting emergency measures to combat the spread of the virus. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The ultimate duration and impact of the COVID-19 pandemic is unclear at this time and as a result it is not possible for management to estimate the severity of the impact it may have on the financial results and operations of the Company in future periods. COVID-19 may hinder both the Company’s ability to conduct exploration activities in the jurisdictions that it operates in and its ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company’s business and financial condition.

## CORPORATE INFORMATION

### Officers and Directors

- Kevin Tomlinson, B.Sc. (Hons.), M.Sc., FCISI – Chief Executive Officer, President and Director
- John McNeice, B. Comm. (Hons.), CA, CPA – Chief Financial Officer
- Stephen Hughes, B.Sc. (Hons.), APGNS (P. Geo.), FSEG – Vice President, Exploration and Director
- Jeffrey Ackert, B.Sc. – Vice President, Business Development
- Alec Rowlands – Vice President, Investor Relations
- Charlotte May – Corporate Secretary
- Kimberly Ann Arntson – Director

- Antony Manini, B.Sc., FAusIMM, FSEG – Director and Executive Chairman of the Board
- Zimi Meka, B. Eng. (Mech) Hons, FAusIMM, MAICD, FIEAust – Director
- Fernando Pickmann, LL.M – Director
- Yale Simpson, BApSc. – Director

#### **Corporate Web-site**

[www.c3metals.com](http://www.c3metals.com)

#### **Corporate Office**

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Toronto, Ontario  
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Phone: (416) 572-2510

#### **Independent Auditor**

PricewaterhouseCoopers LLP, Ottawa, Canada

#### **Corporate Legal Counsel**

Irwin Lowy LLP, Toronto, Canada