

C3 METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three and Nine Month Periods Ended May 31, 2022
(Information as at July 27, 2022 unless otherwise noted)



INTRODUCTION

This management's discussion and analysis ("MD&A") provides results of operations and financial condition for the three and nine month periods ended May 31, 2022 and 2021. It was approved by the Board of Directors on July 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"), C3 Metals Peru S.A.C. ("C3 Peru") and Molina Azul S.A.C. ("Molina").

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the periods ended May 31, 2022 and 2021 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 272 km² 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), Constanca (Hudbay) and Antapaccay (Glencore). C3 Metals also holds a 100% interest in five licenses covering 207 km² 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

Since January 2021, the Company has been undertaking exploration work at its Jasperoide Project commencing with a core resampling program that was completed in January 2021. An initial Phase 1 drilling program commenced in February 2021 and was 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. The Phase 1 program was expanded to 10,000 metres and was completed at the end of October 2021. The Phase 2 drilling program commenced in February 2022 to test deeper copper-gold porphyry and stacked skarn targets that were identified in the Phase 1 drilling program and infill areas with low drill-data density at Montana de Cobre Zone. Updates on the Company's exploration activities including assay results at the Jasperoide Project were announced on May 25th, June 16th, July 27th, September 8th and 30th, December 13th, 2021 and January 12th, February 23rd and May 17th, 2022. 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 entitled 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.

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 provided the Company with a right of first refusal to purchase the remaining 0.5% NSR. On February 22, 2022, the Company announced that it had purchased the remaining 0.5% NSR for cash consideration of \$31,785 (US\$25,000).

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 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 were 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.

On December 7, 2021, the Company announced that its common shares were approved to trade on the OTCQB Venture Market, under the symbol CUAUF and that the shares are eligible for settlement through the Depository Trust Company, a subsidiary of the Depository Trust & Clearing Corp. that manages the electronic clearing and settlement of publicly-traded companies in the United States.

On March 24, 2022, the Company announced that it had secured a drill rig to undertake a 5,000 metre core drilling program in Jamaica to test several compelling high priority copper-gold porphyry targets and on May 27, 2022, the Company announced that the drill program had commenced. C3 Metals holds a 100% interest in three licenses which cover an overlooked and under explored porphyry/epithermal copper-gold belt in Jamaica. Further details on the exploration program are included under *Exploration Projects, Activities and Expenditures*.

On June 20, 2022, Kevin Tomlinson stepped down from the position of President and CEO for personal reasons and effective June 30, 2022, Mr. Tomlinson resigned as a director of the Company. Mr. Tony Manini, current Chairman of the Company will take up the role of Executive Chairman to lead the Company through to the appointment of a new CEO.

EXPLORATION PROJECTS, ACTIVITIES AND EXPENDITURES

PERU – JASPEROIDE PROJECT

As of the date of this MD&A, the Company holds a 100% beneficial interest in 49 exploration concessions and has an option agreement to earn a 100% interest in two additional concessions. These exploration concessions are located in the Andahuaylas-Yauri belt of Peru proximal to Las Bambas (MMG), Haquira (First Quantum) and Constancia (Hudbay). The Jasperoide Project concessions cover a total area of 27,198 hectares and host a number of copper-gold skarn and porphyry targets at various stages of exploration.

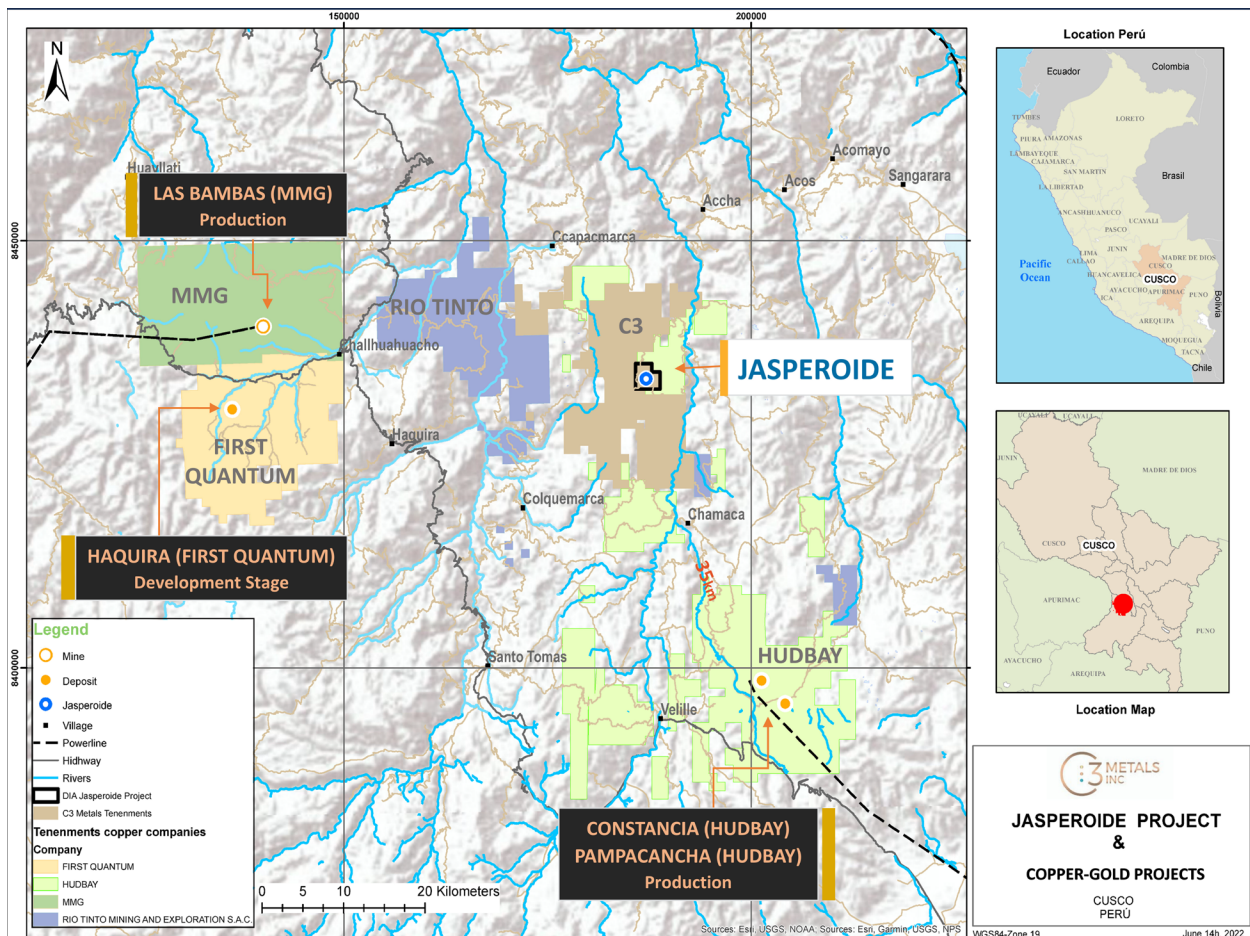


Figure 1 – Jasperoide Project location, southern Peru

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 May 31, 2022, cash option payments totaling US\$500,000 had been provided with a balance of US\$1,500,000 outstanding. During June 2020 and July 2022, amending agreements to adjust the timing of cash option payments and exploration expenditure requirements were concluded. Future payments are due on or before the following dates: US\$250,000 by August 23, 2022; US\$250,000 by February 23, 2023; US\$500,000 by August 23, 2023; and, US\$500,000 by February 23, 2024. 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

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 confirmed both the successful verification of, and significant copper intercepts in, all seven historical holes and show a strong correlation between the spatial distribution of the mineralization and grades in comparison to the historical and 2020 resampled 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 2021, the Phase 1 drill program was expanded to 10,000 metres and was completed on October 31, 2021 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. Selected assay results are included in the Company's press release dated May 25, 2021.

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. Consequently, the program was expanded to drill up to an additional 15,000 metres at the Montana de Cobre Zone and the Cresta Verde Zone, testing the deeper levels of the Jasperoide 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.

The Phase 2 drill program commenced in January 2022 and is being undertaken by a larger drill rig with the capability to test for stacked skarns and porphyry targets at deeper levels. The Phase 2 drill program

is planned to comprise up to 15,000 metres dependent on results. Drilling is designed to test for skarn and porphyry copper-gold mineralization at the Montana de Cobre and Cresta Verde Zones.

In May 2022, the Company announced that the first hole of the deep core drilling intersected a multi-phase hydrothermal alteration system beneath the Montaña de Cobre zone that is coincident with a large Hybrid CSAMT anomaly and that this alteration system extends to over 1,000 metres depth. It was noted that alteration of this scale is typically associated with large-scale porphyry systems, confirming the Company's interpretation that a porphyry system is the driving force behind the well developed skarns. Multiple targets are being tested at Montaña de Cobre, Cresta Verde, Callejón de Oro and a newly identified target at Domo Verde Zone (see Figure 2). Priority targets have been defined by copper and gold soil geochemical anomalies with coincident Hybrid-CSAMT, IP-Chargeability and magnetic anomalies. Additional infill holes are also planned within the Montaña de Cobre zone in areas of low drill data density.



Figure 2 - Domo Verde Zone, dome-like feature with copper oxide located north of the Benoni Fault

Acquisition Costs

As at May 31, 2022, property acquisition costs for the Jasperoide project total \$13,916,711. During the nine month period ended May 31, 2022, the Company incurred license acquisition and renewal costs of \$474,815 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 nine month period ended May 31, 2022, the Company incurred a total of \$7,211,839 with respect to Jasperoide Project exploration costs. Components of total costs comprised: \$1,939,264 relating to geology and general field costs; \$184,496 related to geophysics; \$2,903,284 related to drilling and drill core assay; \$132,819 related to environmental costs; \$1,025,396 related to community and social development; \$207,678 related to health and safety costs; and, \$817,378 related to Peruvian IVA tax on these expenditures. As at May 31, 2022, the carrying value of the Jasperoide Project deferred exploration expenditures totals \$13,644,796.

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 and is subject to two NSRs, including a 2% NSR in favour of OZ Minerals Ltd. which provides a partial buyback right and a total payment cap, and a 2% NSR in favour of Clarendon Consolidated Minerals Ltd. The Main Ridge and Hungry Gully licenses are wholly-owned by the Company.

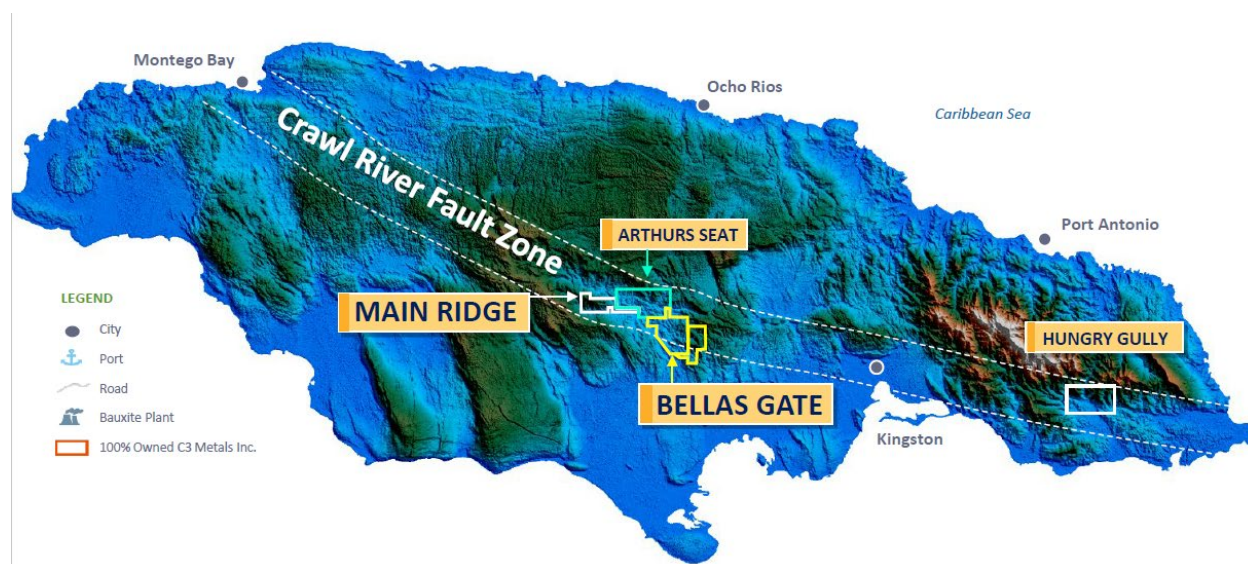


Figure 3 - C3 Metals' mineral properties in Jamaica

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 includes 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 4).

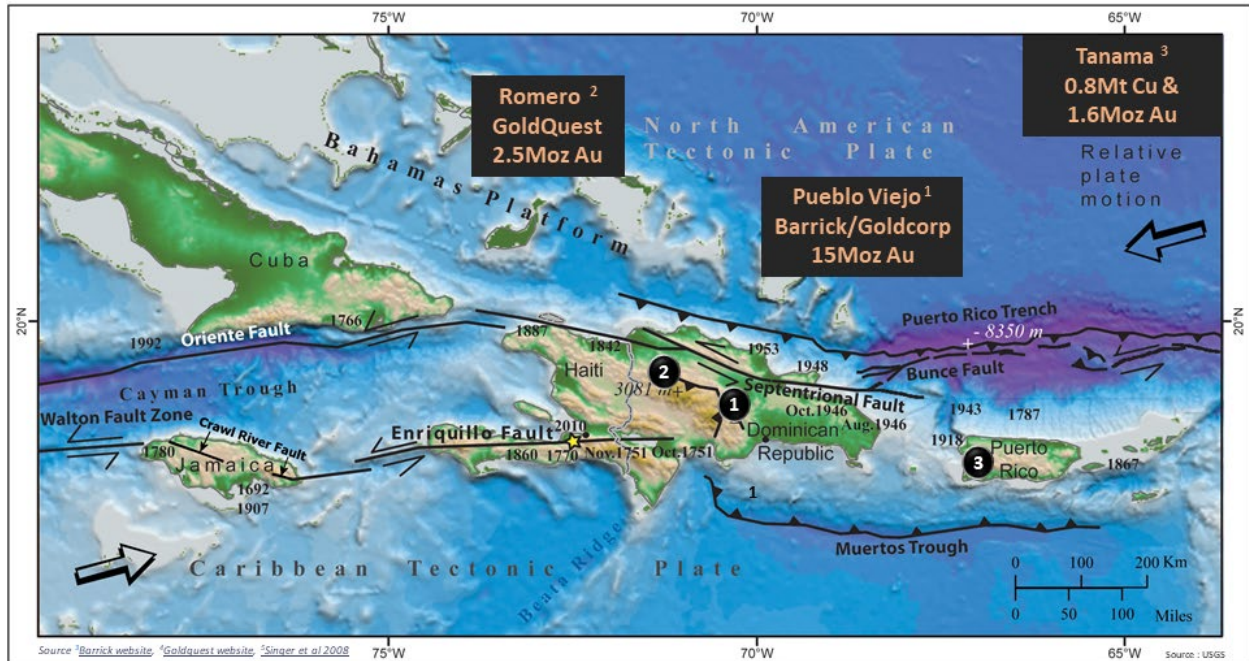


Figure 4 - Plate tectonic setting of Jamaica, showing nearby copper-gold deposits

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 have been rapidly advanced to drill ready 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. Drilling commenced on May 29, 2022 at Epidote Ridge, targeting a coincident magnetic and IP-chargeability anomaly. Drilling is designed to test multiple porphyry copper targets identified within the regionally significant Crawl River Fault zone. Drilling will also target epithermal gold prospects on the property. Twelve porphyry systems and multiple epithermal occurrences have been identified in the project area to date.

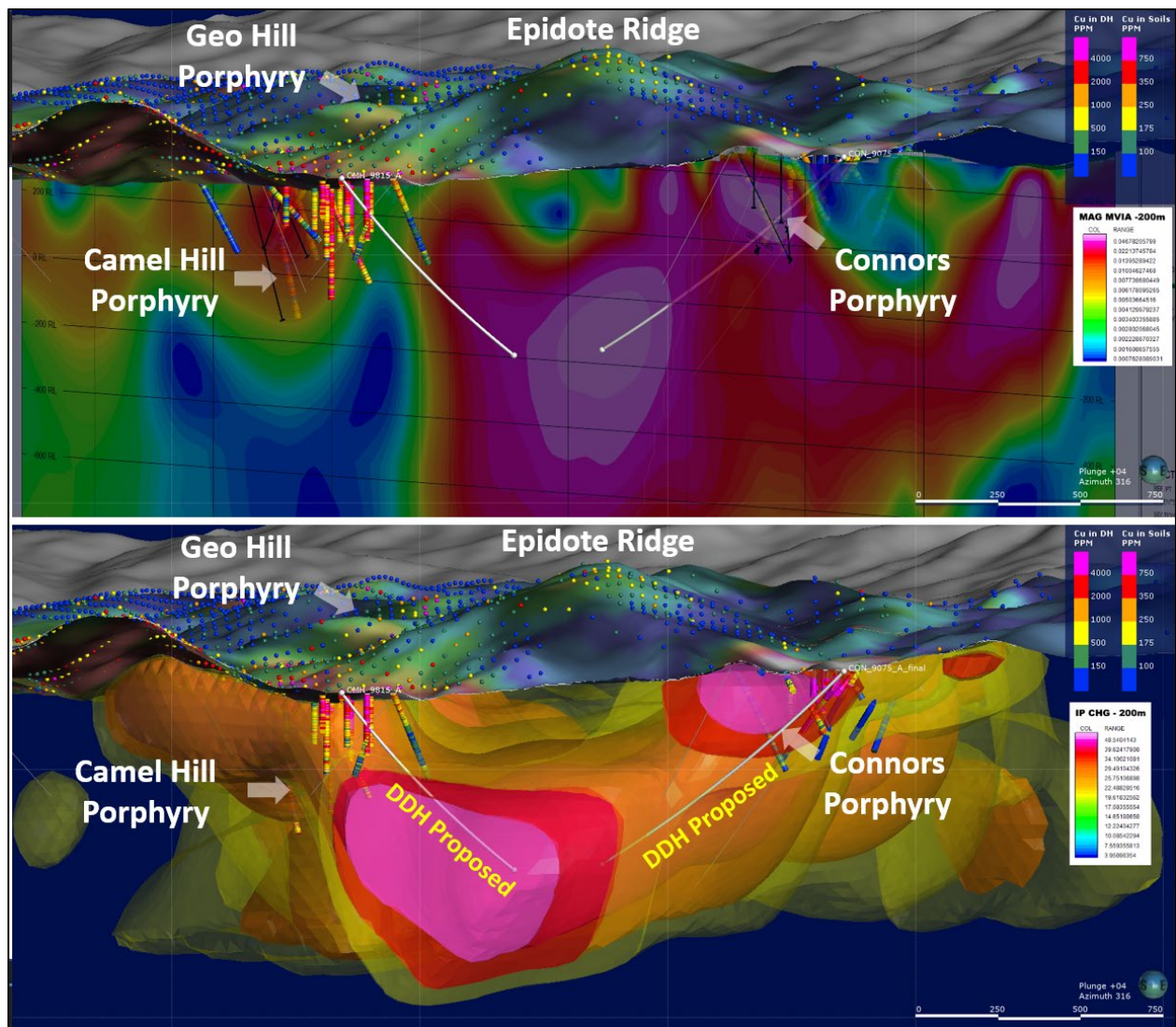


Figure 5 - Coincident magnetic (top) and IP Chargeability (bottom) anomalies beneath Epidote Ridge

Main Ridge

Soil survey data confirms two highly prospective epithermal targets at Main Ridge, comprising 1) a coincident gold in rock + soil geochemical anomaly that extends for over two kilometres west-northwest of the former Pennants gold mine and 2) high-grade copper-silver mineralization exposed along the Rio Minho Valley structural zone that parallels the Bennet Gold Zone.

Mapping and sampling along the Bennet Gold Zone identified significant gold-silver mineralization with rock chips assaying up to 19.3 g/t gold. Channel sampling along the Rio Minho Valley structural zone returned up to 16.0 metres at 1.22% copper and 7.8 g/t silver and higher grades such as 2m @ 6.07% Copper and 19.4g/t silver.

The Company is planning to evaluate and rank the prospects at Main Ridge and if warranted, undertake up to 2,500m of drilling in late 2022.

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

The property is contiguous to Bellas Gate with historical maps showing over 50 copper occurrences at Arthurs Seat. On June 2, 2022, the Company provided results of its recently completed geological mapping and prospecting over a 10 km² area in the eastern part of Arthurs Seat. A total of 103 rock samples were collected from mineralized intermediate sulfidation style epithermal quartz veins and breccias that cross-cut andesitic volcanic-volcaniclastic rocks and Cretaceous aged limestones of the Arthurs Seat Formation. Of the 103 samples collected, 55 assayed greater than 0.15% copper with numerous samples of both outcrop and float reporting high grades up to 13.8% copper and 492g/t silver. Multiple zones of primary and secondary copper mineralization highlights significant potential for a high-grade, intermediate high-sulphidation epithermal copper deposit. Magnetics, mapping and detailed prospecting are continuing.

Acquisition Costs

As at May 31, 2022, the Company had a capitalized balance of \$1,739,619 (August 31, 2021 - \$1,738,909) with respect to property costs for the Bellas Gate Project and \$1,029,570 (August 31, 2021 - \$997,683) for the other Jamaica licenses. During the nine month period ended May 31, 2022, licence renewal fees were \$948 for all Jamaican licenses and the Company acquired the remaining NSR on the Main Ridge and Hungry Gully licenses for cash of \$31,785 (US\$25,000).

Exploration Expenditures

As at May 31, 2022, exploration expenditures incurred directly by the Company for the Bellas Gate Project have a total carrying value of \$5,315,462 (August 31, 2021 - \$4,160,598). These costs are comprised of the Company's direct exploration expenditures. Costs incurred by the Company during the nine month period ended May 31, 2022 total \$1,171,466 and are related primarily to geology costs of \$589,677, drilling related costs of \$484,457, environmental costs of \$4,801, community and social development costs of \$44,765, and health and safety costs of \$45,875.

As at May 31, 2022, the carrying value of exploration costs for the other Jamaica licenses total \$939,348 (August 31, 2021 - \$790,561). During the nine month period ended May 31, 2022, the Company incurred total costs of \$144,246 primarily at Main Ridge. These costs related primarily to geological field work for \$117,568; drilling related costs of \$23,206, environmental costs of \$2,172, and community and social development costs of 1,300.

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 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.

As at 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 and nine month periods ended May 31, 2022 and 2021.

	Three month period ended May 31, 2022 \$	Three month period ended May, 2021 \$	Nine month period ended May 31, 2022 \$	Nine month period ended May 31, 2021 \$
Revenue	Nil	Nil	Nil	Nil
Total expenses	(767,509)	(1,307,106)	(2,597,389)	(2,364,338)
Other income (expense)	37,043	348,425	(67,220)	693,467
Net loss for the period	(730,466)	(958,681)	(2,664,609)	(1,670,871)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.00)	(0.00)
Cash dividend per common share	Nil	Nil	Nil	Nil

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Expenses

For the three month period ended May 31, 2022, total expenses before interest, other income and foreign exchange loss were \$767,509 and were comprised of: \$215,307 related to promotion and investor relations; \$17,442 related to regulatory authority and transfer agent fees; \$97,137 with respect to professional fees for legal, accounting and audit services; \$399,783 with respect to office, general and administrative costs; and, \$37,840 with respect to non-cash share based compensation expense for stock options.

Total expenses, before other income and expenses were \$539,597 lower during the third quarter of fiscal 2022 when compared to the same quarter in fiscal 2021. Promotion and investor relations costs were higher by \$132,831. Increased costs related to new promotional campaigns to increase investor awareness including social media campaigns and to increased attendance at industry and investor conferences and related travel. Regulatory and transfer agent fees were \$20,837 lower related primarily to costs associated with the addition of the OTC Markets listing in the United States during the prior period in 2021. Professional fee expenses were higher by \$51,679 primarily related to higher legal costs in Peru related to new property acquisition and expanded operations. Office, general and administrative costs were higher by \$87,480 primarily related to higher costs in Peru driven by significant expansion of activity at the Jasperoide, Peru project. Administrative costs for telecommunication, internet and insurance were also higher due to expanded activities. Share based compensation expense was \$37,840 during the third quarter of fiscal 2022 and related to non-cash charges for stock options granted in 2021 which vested during the quarter. A total of \$785,988 in share based compensation expense was recorded in the third quarter of fiscal 2021.

For the nine month period ended May 31, 2022, total expenses, before other income and expenses, were \$233,051 higher when compared to the same period during fiscal 2021. Expenses were higher in all categories except for share based compensation expense primarily due to increased Company staffing and activity levels. Promotion and investor relations costs were higher by \$383,882; legal, accounting and audit costs were higher by \$120,018; office, general and administrative costs were higher by \$252,506. Share based compensation costs were lower by \$496,715 relating to stock options.

Other Income and Expense

Other income and expenses during the nine month period ended May 31, 2022 totaled a net expense of \$67,220. Interest income on cash balances for the nine month period was \$42,889. A loss on the Tocvan marketable securities of \$14,381 was recorded and a foreign exchange loss of \$95,728 was also recorded relating primarily to activity in Peru.

Net Loss and Loss per Common Share

For the three month period ended May 31, 2022, net loss was \$730,466 (Q3 fiscal 2021 – \$958,681). Basic and diluted loss per common share was \$0.00 (Q3 fiscal 2021 – \$0.00). For the nine month period ended May 31, 2022, net loss was \$2,664,609 (nine months ended May 31, 2021 – \$1,670,871). Basic and diluted loss per common share was \$0.00 (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 subsidiaries (C3 Peru and Molina) 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 nine month period ended May 31, 2022 a foreign currency translation gain of \$1,445,631 (nine months ended May 2021 – loss of \$536,234) was recorded in other comprehensive income / loss.

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2022, the Company held cash and cash equivalents of \$12,409,466 (August 31, 2021 – \$5,846,804) and had working capital of \$12,820,201 (August 31, 2021 – \$5,128,807). The Company has financed its operations primarily with equity financing.

Financing Activity During Fiscal 2022

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 May 31, 2022, the Company held a total of 583,100 Tocvan common shares having a fair value of \$536,452.

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 exercisable at \$0.14 per share to the agents. These broker warrants expired 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 July 27, 2022, May 31, 2022 and August 31, 2021 is as follows:

	July 27, 2022	May 31, 2022	August 31, 2021
Common shares	589,504,235	589,504,235	460,182,703
Warrants	5,200,000	5,200,000	5,200,000
Broker warrants	7,591,031	7,591,031	6,000,300
Stock options	36,260,000	36,760,000	38,345,000
Restricted share units (RSUs)	-	-	1,500,000
Deferred share units (DSUs)	737,680	737,680	1,551,694
Fully diluted shares outstanding	639,292,946	639,792,946	512,779,697

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 and nine month periods ended May 31, 2022 and 2021 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, broker warrants 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, 2021. 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.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global commodity and financial markets and supply chains. Russia's recent invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on supply chain disruptions that may adversely affect the Company's business, financial condition and results of operations. The extent and duration of the current Russia-Ukraine conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this MD&A, including those relating to commodity price volatility and global financial conditions. The situation is rapidly changing and unforeseeable impacts, including on our shareholders and counterparties on which we rely and transact, may materialize and may have an adverse effect on the Company's business, results of operation and financial condition.

CORPORATE INFORMATION

Officers and Directors

- Antony Manini, B.Sc., FAusIMM, FSEG – Executive Chairman
- 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
- Charlotte May – Corporate Secretary
- Kimberly Ann Arntson – Director
- Zimi Meka, B. Eng. (Mech) Hons, FAusIMM, MAICD, FIEAust – Director
- Fernando Pickmann, LLM – Director
- Yale Simpson, BApSc. – Director

Corporate Web-site

www.c3metals.com

Corporate Office

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Independent Auditor

PricewaterhouseCoopers LLP, Ottawa, Canada

Corporate Legal Counsel

Irwin Lowy LLP, Toronto, Canada

