

## **C3 METALS INC.**

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

**For the Three Month Period Ended November 30, 2022**

**(Information as at January 26, 2023 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, 2022 and 2021. It was approved by the Board of Directors on January 26, 2023.

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 Molino Azul S.A.C. ("Molino").

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements for the periods ended November 30, 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, 2022 and 2021, 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 creating substantive value through the discovery and development of large copper and gold deposits. The Company's holds the 26,800 hectare Jasperoide project, a 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 licences covering 20,700 hectares of highly prospective copper-gold terrain in Jamaica. The Company also holds a 2% net smelters return ("NSR") royalty on Cascade Copper Corp.'s ("Cascade Copper") Rogers Creek project.

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**

In 2021, the Company focused its exploration activities at its Jasperoide Project. An initial Phase 1 drilling program, planned for 3,500 metres commenced in February 2021, was expanded to 10,000 metres and was completed at the end of October 2021. A 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 Montaña de Cobre Zone. During November 2022, the Company announced the completion of Phase 2 drilling and the results from the final six drill holes of the Phase 2 program. In total, 73 holes were drilled in the Phase 1 and Phase 2 programs for a total of 20,070 metres.

Updates on the Company's exploration activities including assay results at the Jasperoide Project were announced 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>, February 23<sup>rd</sup>, May 17<sup>th</sup>, September 9<sup>th</sup>, and November 1<sup>st</sup>, 2022. Further details on the Jasperoide exploration program are included under *Exploration Projects, Activities and Expenditures*.

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 would be issued in Cascade Copper, based on the prelisting finance price when listed on the Canadian Securities Exchange. Tocvan spun out its 100% interest in the Rogers Creek project into Cascade Copper and on September 30, 2022 the Company received 625,000 Cascade Copper common shares as final consideration. The Company retains a 2% NSR royalty 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. Initial drill results were announced on September 12, 2022. On November 28, 2022, the Company provided an update on the drilling program at the Bellas Gate project that has intersected multiple zones of high-level porphyry and epithermal style copper-gold-silver mineralization.

On June 2, 2022, the Company announced the discovery of high-grade copper and silver at the Arthurs Seat project in Jamaica. Arthurs Seat is one of the four 100% owned Jamaican projects held by the Company and is adjacent to the Company's Bellas Gate project. On September 13, October 12, November 7 and November 29, 2022, the Company provided exploration updates announcing rock chip assay results and significant expansion in the epithermal gold-copper vein swarm discovery and that it had obtained a permit to commence drilling at the Arthurs Seat Project.

On January 25, 2023, the Company announced the results from a comprehensive mapping and sampling program at the Company's 100% owned Main Ridge project in Jamaica. Results from rock chip assays include up to 35.8 g/t gold and are similar in style to and less than one kilometre from the past producing Pennants gold Mine. The Main Ridge project is contiguous with the Arthurs Seat project and continues approximately 15 kilometres to the west. Further details on the Jamaican exploration programs 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, Chairman of the Company took over the role of Executive Chairman to lead the Company through to the appointment of a new CEO.

On July 7, 2022, the Company announced that it has significantly expanded its land holdings around its highly prospective Jasperoide Project in the world class Andahuaylas-Yauri skarn/porphyry copper belt of southern Peru. The Company and its subsidiaries now hold 268 km<sup>2</sup> (26,798 hectares) comprising 100% of 49 claims covering 263 km<sup>2</sup> (26,298 hectares) and the right to earn 100% in two additional third-party claims covering 5 sq km (500 hectares).

On September 6, 2022, Dan Symons was appointed as the new President, CEO and a director of the Company. Mr. Symons brings over 15 years of mining industry related experience in business development, corporate development and investor relations with a number of highly successful junior-mid tier growth companies. Mr. Symons joins C3 Metals from Argonaut Gold where he most recently held the position of Vice President, Corporate Development and Investor Relations at Argonaut Gold Ltd. Prior to this he was a key member of the Romarco Minerals Inc. executive management team in the role of Vice President, Business Development and Investor Relations. Mr. Symons has been actively involved in multiple M&A transactions totalling over \$800 million and equity and debt financings totalling over \$650 million and \$500 million, respectively. Mr. Symons is an active member of the Canadian Investor Relations Institute. Mr. Symons holds an Honours B.A. from Concordia University in Montreal.

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

### **PERU – JASPEROIDE PROJECT**

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 Constanca (Hudbay). The Jasperoide Project concessions cover a total area of 26,798 hectares and host a number of copper-gold skarn and porphyry targets at various stages of exploration.

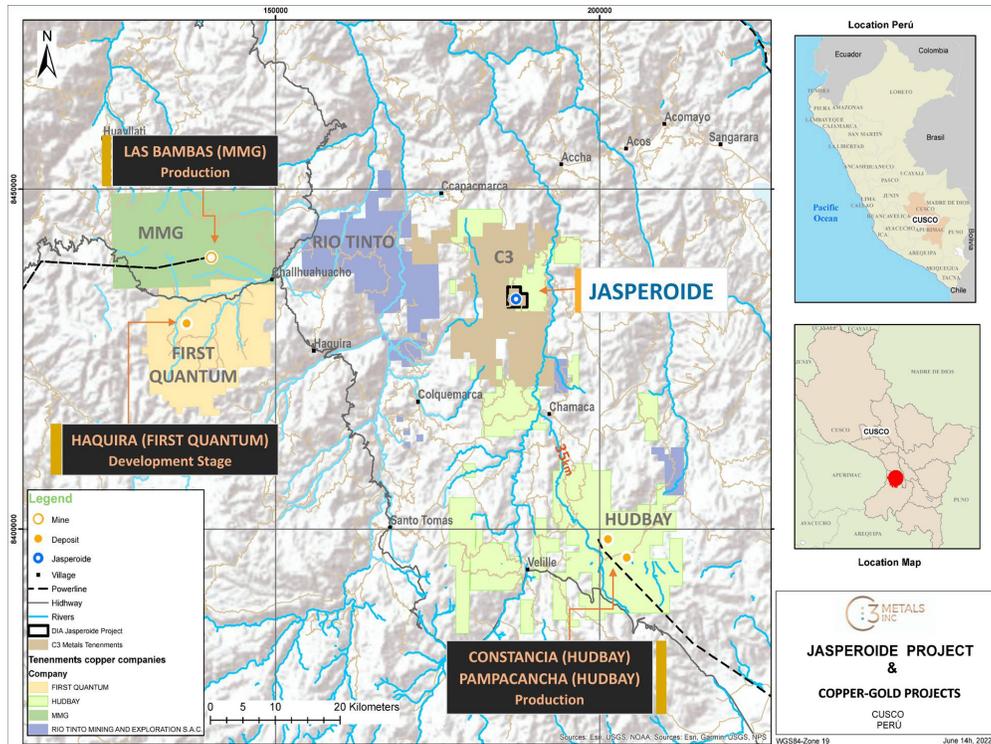


Figure 1 - Jasperoide Project location, southern Peru

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 November 30, 2022, cash option payments totaling US\$750,000 had been provided with a balance of US\$1,250,000 outstanding. During June 2020 and July and October 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\$200,000 by February 23, 2023; US\$200,000 by August 23, 2023; US\$350,000 by February 23, 2024; and, US\$500,000 by August 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 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 royalty (thereby reducing the NSR royalty to 0.5%) for a price of US\$1,000,000 at any time, replacing the previously granted 1.5% NSR 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 and skarn district and identified three high-priority skarn targets at Montaña de Cobre, Cresta Verde and Callejon de Oro Zones. Epithermal style gold veins that crosscut the skarns suggest there is also potential for a porphyry copper-gold system at depth.

In early 2021, the Company completed a core resampling program 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 Montaña 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. At the Montaña de Cobre Zone, drilling confirmed a well-developed copper-gold oxide system 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 May 25, 2021 press release).

At the Cresta Verde Zone, the Phase 1 drilling program intersected broad zones of skarn with 5-30% sulphides (pyrite, pyrrhotite and chalcopyrite) including a breccia containing 50-90% sulphides that is interpreted as the “colder” part of the hydrothermal system, evidenced by a high pyrite to chalcopyrite ratio. Based on the results of the Phase 1 drilling program, a Phase 2 drilling program was planned at the Montaña de Cobre Zone and the Cresta Verde Zone to infill areas of low drill density test 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 was 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 was designed to test for skarn and porphyry copper-gold mineralization at the Montaña de Cobre and Cresta Verde Zones.

In May 2022, the Company announced that the first hole of the deep core drilling intersected hydrothermal alteration coincident with a large Hybrid CSAMT anomaly below Montaña de Cobre, confirming a deeper seated hydrothermal system is the driving force behind the well-developed skarns at surface. The Phase 2 drilling program tested multiple targets at Montaña de Cobre, Cresta Verde, Callejón de Oro and a newly identified target at Domo Verde Zone (see Figure 2) with priority targets having been defined by copper and gold soil geochemical anomalies with coincident Hybrid-CSAMT, IP-Chargeability and magnetic anomalies.



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

The Phase 2 drilling program was successful in delineating a copper and gold oxide skarn body that measures up to 650m by 600m, with a variable true thickness of 50m to 250m. Selected high grade assays include JAS2650-05 reported 53.2m at 3.11% Cu and 0.46 g/t Au from 92.6m (press release May 25, 2021), JAS2700-03 reported 118.7m at 1.15% Cu and 0.37 g/t Au from 87.3m (press release July 27, 2021), JAS2750-05 reported 229.5m at 0.99% Cu and 0.43 g/t Au from surface (press release September 30, 2021), JAS2900-02 reported 81.6m at 0.89% Cu, 0.25g/t Au from 21.0m (press release September 9, 2022) and JAS3000-05 reported 35.7m at 0.62% Cu, 0.37g/t Au from 30.3m (press release May 17, 2022). The Company is now updating the 3D geologic block model for Jasperoide and will be undertaking sighter metallurgy leach and flotation test work on the copper-gold oxide mineralization at Montaña de Cobre to assess recoveries, acid consumption and variability characteristics for the different material types within the deposit delineated to date.

## Acquisition Costs

During the three month period ended November 30, 2022, the Company incurred licence acquisition and renewal costs of \$1,361. As at November 30, 2022, the carrying value of property acquisition costs for the Jasperoide project was \$15,062,833 (August 31, 2022 - \$14,974,172).

## Exploration Expenditures

During the three month period ended November 30, 2022, the Company incurred a total of \$711,587 with respect to Jasperoide Project exploration costs. Components of total costs comprised: \$358,745 relating to geology and general field costs; \$8,585 related to drilling and drill core assay; \$16,426 related to environmental costs; \$239,300 related to community and social development; \$41,872 related to health and safety costs; and, \$46,659 related to Peruvian IVA tax on these expenditures. As at November 30, 2022, the carrying value of the Jasperoide Project deferred exploration expenditures was \$16,770,338 (August 31, 2022 - \$15,665,755).

## JAMAICA

In Jamaica, the Company has 100% ownership of five Special Exclusive Prospecting Licences (“SEPL”) covering 207 square kilometres including Bellas Gate, Browns Hall, Main Ridge, Hungry Gully and Arthurs Seat. The Bellas Gate Project is comprised of the Bellas Gate and Browns Hall licences and is subject to two NSR royalties, including a 2% NSR royalty in favour of OZ Minerals Ltd. which provides a partial buyback right and a total payment cap, and a 2% NSR royalty in favour of Clarendon Consolidated Minerals Ltd. The Main Ridge and Hungry Gully licences are wholly-owned by the Company. The Arthurs Seat licence is subject to a 1% NSR royalty in favour of OZ Minerals Ltd. with a partial buyback right.

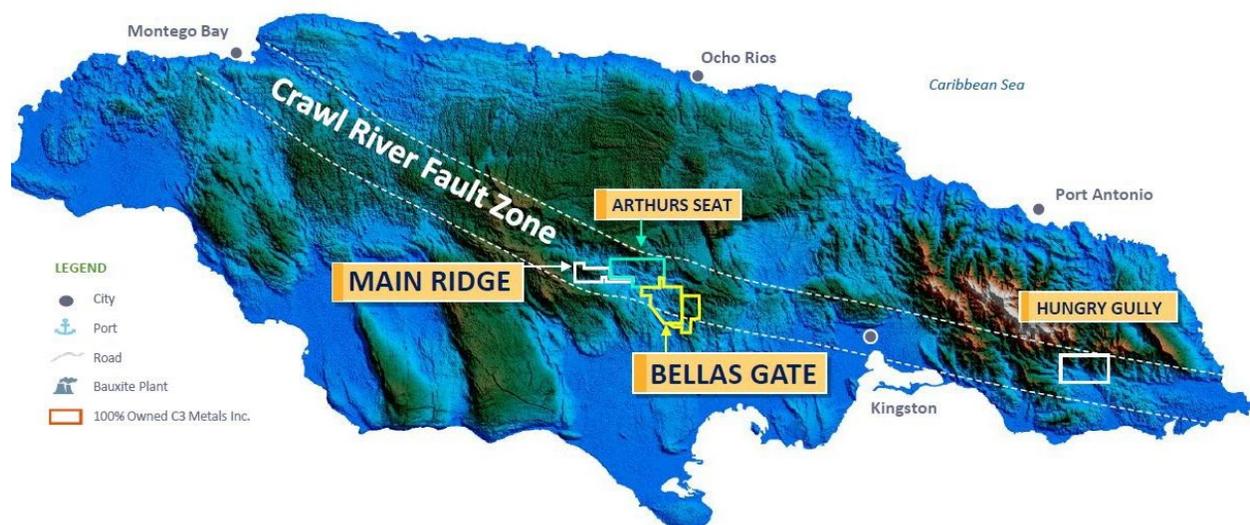


Figure 3 - C3 Metals' mineral properties in Jamaica

The Company also holds a 1% NSR royalty on its previously owned Berkshire Hall, Mount Ogle, Shirley Castle and Windsor Castle licences 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

royalty for US\$50,000 per each 0.1% of the NSR royalty (total of US\$250,000) and the balance of the NSR royalty for US\$70,000 per each 0.1% of the NSR royalty (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).

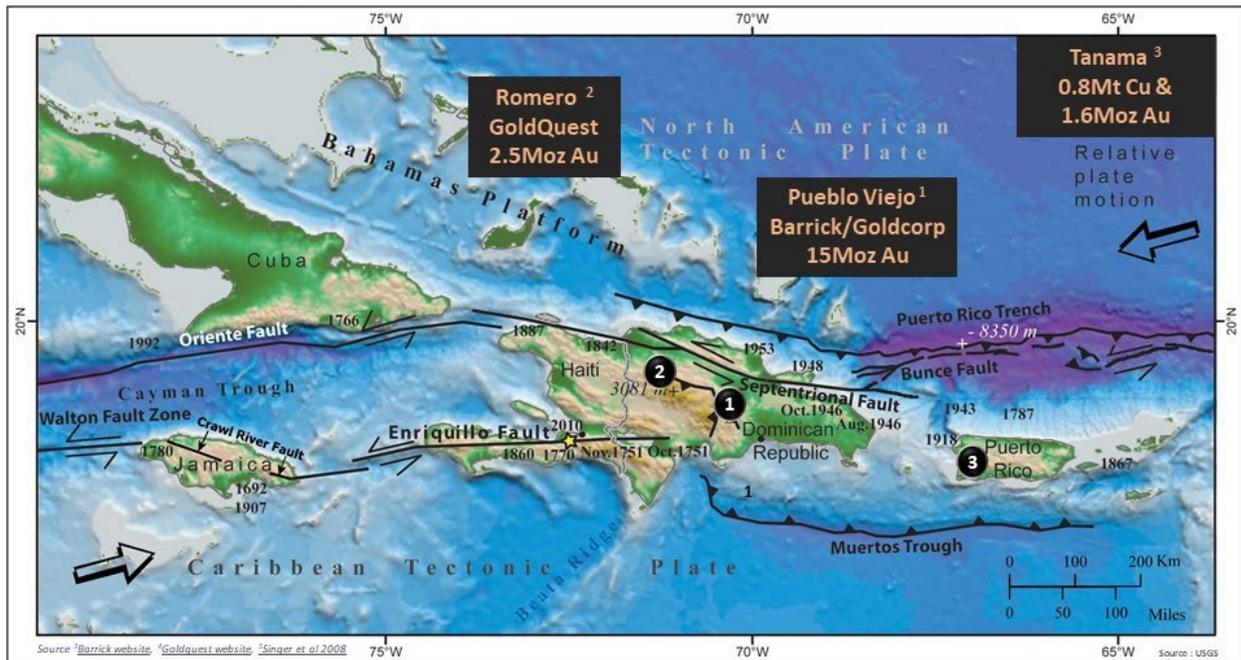


Figure 4 - Plate tectonic setting of Jamaica, showing nearby copper-gold deposits

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 May 2022, the Company commenced a planned 5,000m drill program at Bellas Gate to test multiple porphyry copper targets identified within the regionally significant Crawle River-Rio Minho Fault Zone (“CRFZ”). Drilling will also target epithermal gold prospects (see May 27, 2022 press release). On September 12, 2022, the Company announced partial results from CON9325-001, the first hole drilled at Bellas Gate, that intersected 309 metres at 0.44% Cu and 0.33 g/t Au beginning 15 metres down hole, and that assays are pending on the two additional holes completed at Camel Hill, on the south side of Epidote Ridge target area within Bellas Gate. On the partial results, it was confirmed that:

- Assays comparable to porphyry copper-gold deposits currently in production, with operating copper mines currently producing at an average grade of just over 0.50% copper;
- Drilling confirms copper-gold mineralization at Connors is open to the west and at depth;
- Mineralization is associated with strong magnetite alteration; and
- Magnetic and IP data supports the interpretation that mineralization continues down-dip to the west.

CON9325-001 tested an interpreted hydrothermal channel way plunging to the east of Connors under Epidote Ridge – see Figure 5 for target area and Figure 6 for interpreted geology.

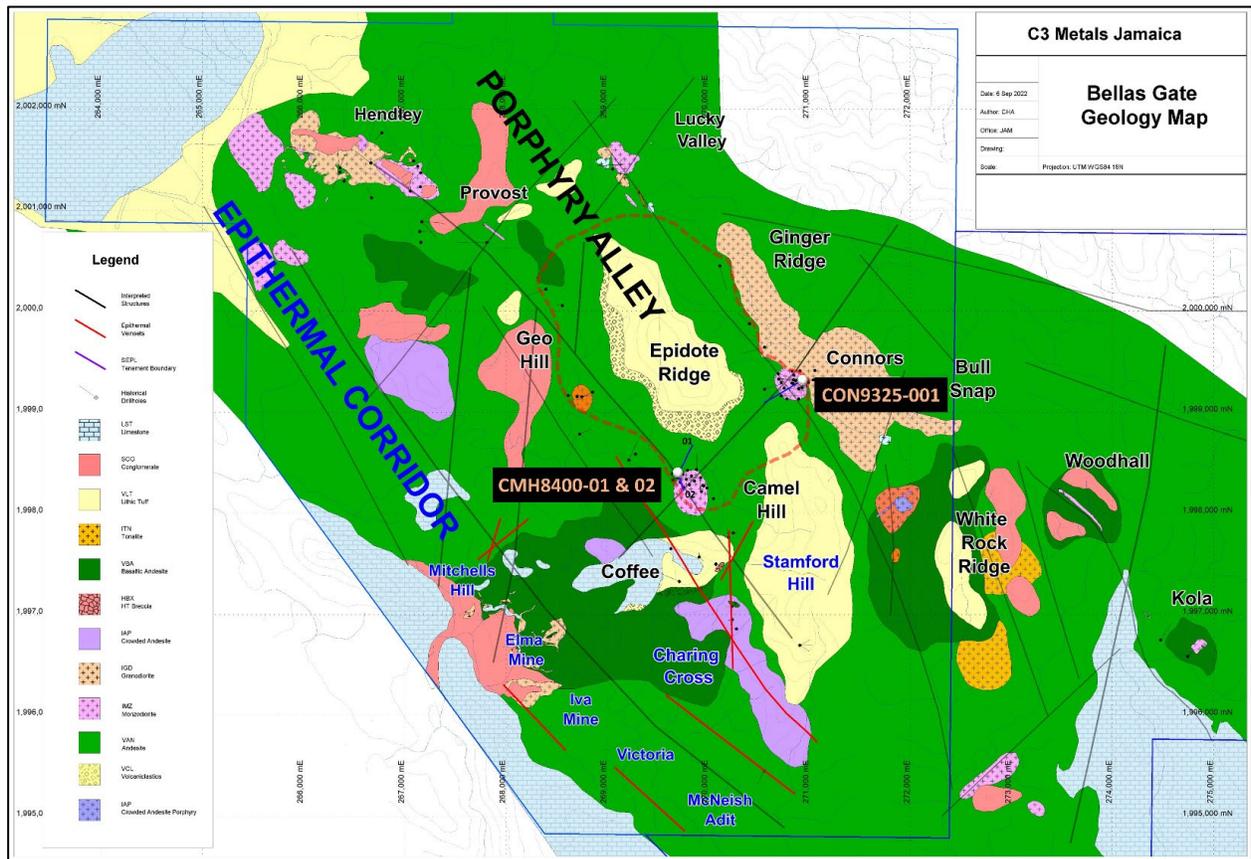


Figure 5 - Epidote Ridge target area (dashed polygon) and the two drill collars at Connors and Camel Hill.

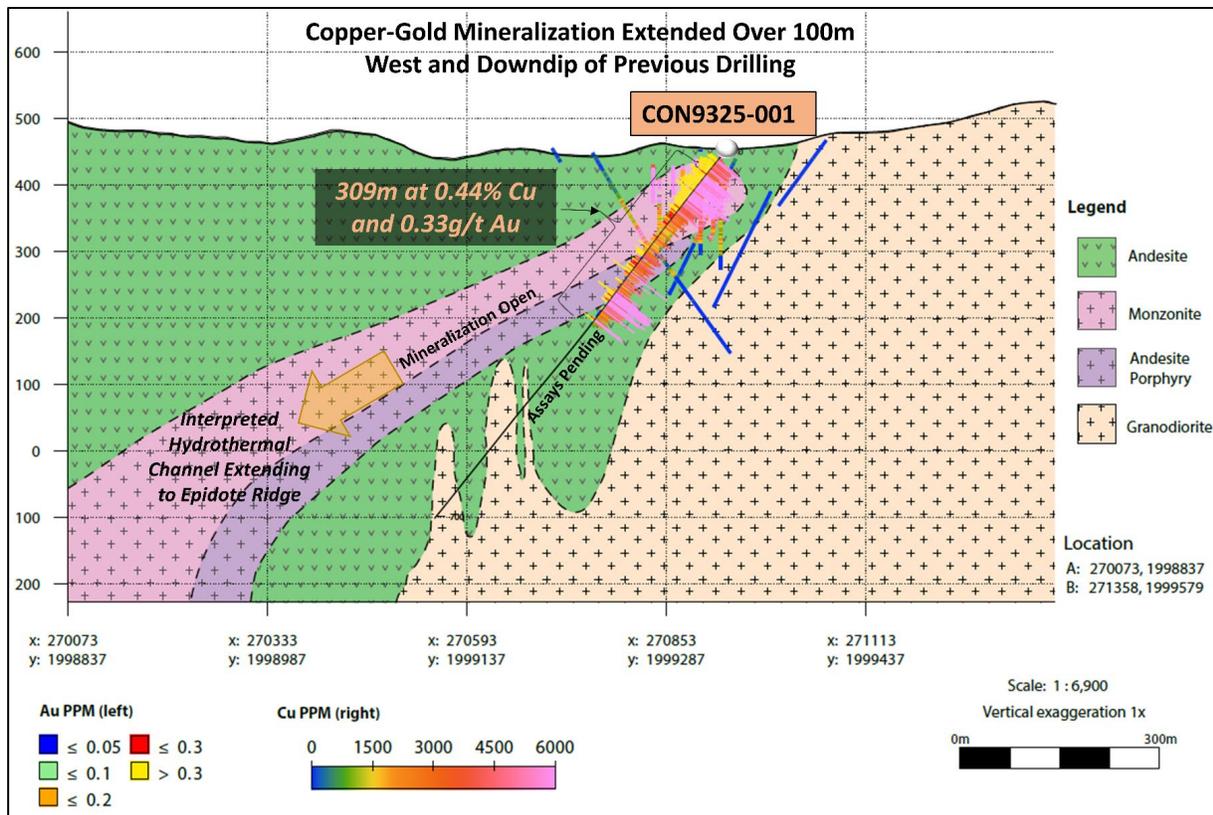


Figure 6 - Cross section through CON9325-001 showing assays and interpreted geology.

On November 28, 2022, the Company announced that it has intersected multiple zones of high-level porphyry and epithermal style copper-gold-silver mineralization at Bellas Gate. Two holes were drilled to test a large coincident magnetic and IP chargeability anomaly at the Camel Hill target that is contiguous with the Connors Porphyry target. Both drill holes at Camel Hill intersected copper-gold-silver porphyry mineralization within 10.0 and 6.0 metres from surface, respectively. Intense biotite and magnetite alteration, as well as a large magnetic and chargeability anomaly, suggest significant depth potential. The mineralization tested to date is predominantly hosted by volcanics and is interpreted to be high in the porphyry system. The table below summarizes the significant intercepts from the Camel Hill target:

Hole	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mineralization Style
CMH8400-001	10.00	188.50	178.50	0.37	0.16	0.88	Porphyry
CMH8400-002	6.00	114.00	108.00	0.42	0.26	1.69	Porphyry
	353.00	377.00	24.00	0.60	0.07	2.71	Porphyry
	392.00	393.30	1.30	4.58	0.18	82.80	Epithermal
	403.00	545.00	142.00	0.35	0.08	2.00	Porphyry
	405.00	409.00	4.00	2.15	0.39	32.00	Epithermal

At a slice depth of -800 metres, multiple large-scale magnetic anomalies were shown. The dashed polygon in Figure 7 below shows the outline of coincident IP chargeability anomaly at the deepest slice depth of -400 metres.

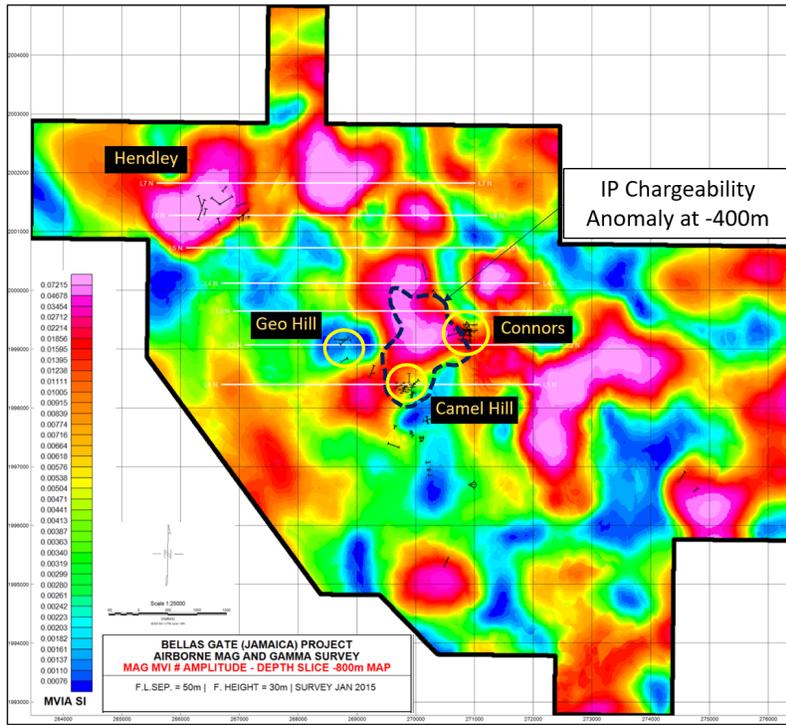


Figure 7 - Map showing Bellas Gate Magnetic MVI Image.

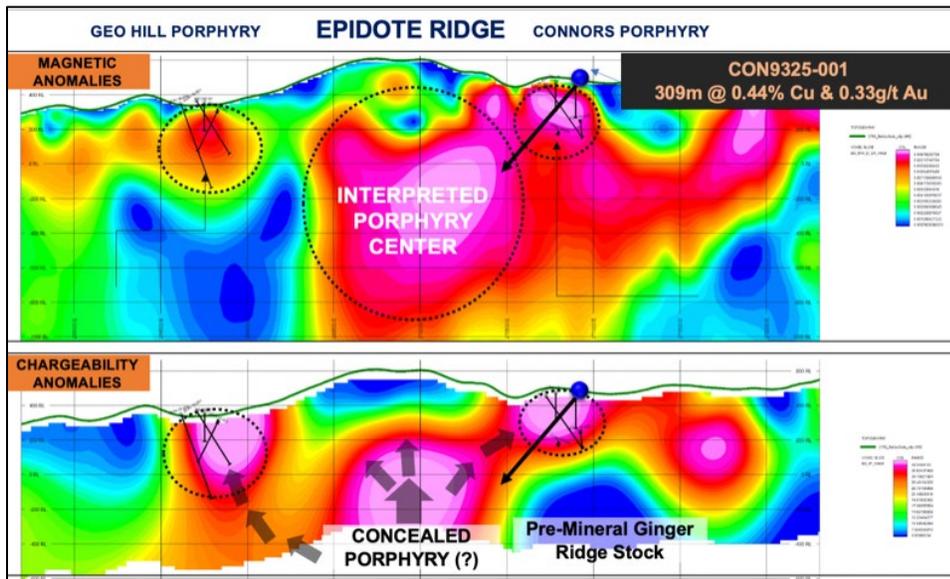


Figure 8 - Cross section through Geo Hill – Epidote Ridge – Connors showing coincident magnetic (Top) and IP chargeability anomalies (Bottom) at Bellas Gate.

Plus Minerals (Imants Kavalieris and Khashgeral Bat-Erdene), a consulting company with extensive experience evaluating some of the world’s largest porphyry copper-gold systems, was engaged to complete an ASD spectrometer alteration study on the Camel Hill and Connors drill core. The independent study concluded:

- Early potassic alteration overprinted by late stage tremolite-actinolite-chlorite-magnetite veins;
- A and B porphyry style quartz veins associated with gold-rich chalcopyrite-pyrite mineralization;
- Unusually intense biotite-magnetite alteration in andesitic wall rocks that broadens at depth;
- Porphyry intrusions at Connors and Camel Hill are inferred to have stalled in andesitic wall rocks and appear to widen at depth; and
- High-grade intermediate sulfidation Au-Ag-base metal-carbonate veins are potentially an extension of the Stamford Hill vein to the southeast.

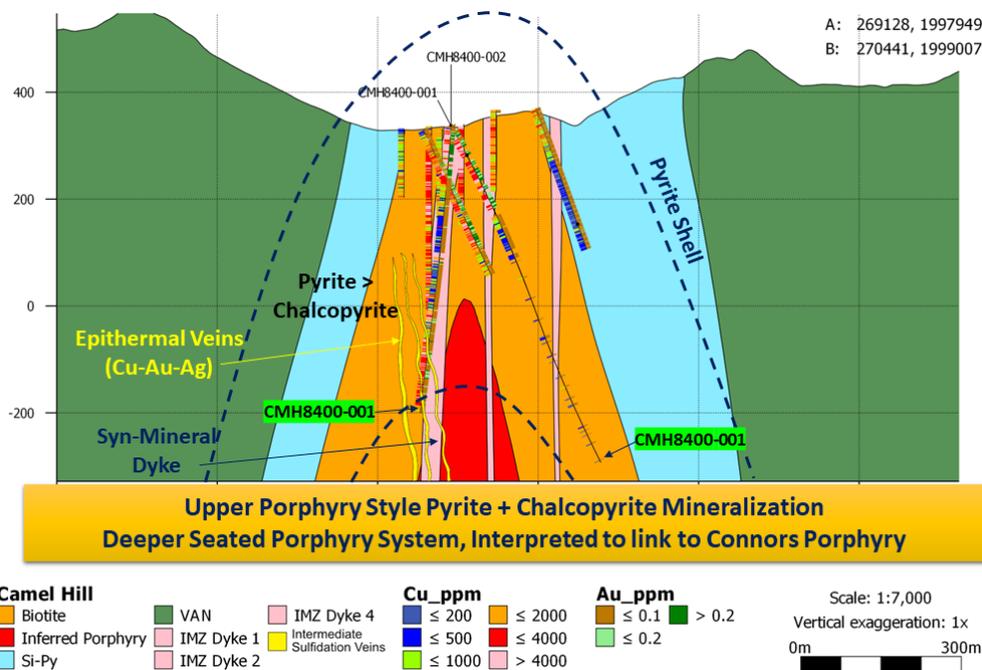


Figure 9 - Cross section through drill holes CMH8400-001 & 002 showing assays and interpreted geology.

As the current drill rig does not have the capacity to reach beyond 700 metres depth, the Company is planning a remapping program over the Bellas Gate Project area before continuing to drill test the porphyry systems. The Company intends to continue drill testing the porphyry targets once a larger drill rig is sourced and mobilized to site. The current drill rig has now been re-directed to undertake a maiden drilling program at the Arthurs Seat Project where epithermal gold-copper quartz structures have been mapped over widths to 40m. Drilling commenced at Arthurs Seat in December 2022.

### Arthurs Seat

The property is contiguous to Bellas Gate and historical work confirmed over 50 copper occurrences. On June 2<sup>nd</sup>, September 13<sup>th</sup>, October 12<sup>th</sup>, November 7<sup>th</sup>, and November 29<sup>th</sup>, 2022, the Company provided updates on exploration activities at Arthurs Seat, which report copper-silver mineralization over a broad

area and discovery of epithermal gold-silver+copper veins in the south-eastern portion of the property. Highlights from mapping and sampling include:

- 1,775 rock chip samples assayed through November 2022;
- Copper-gold-silver mineralized zone over an 8.0 km by 4.5 km with 161 rock chip assays grading greater than 1% copper (see Figure 10);
- Epithermal quartz vein swarm over 5.0 km by 3.0 km with 41 rock chip samples grading greater than 1 g/t gold (see Figure 11);
- Recent assays from quartz veins in the most easterly zone reported up to 58.1 g/t gold, 16.5% copper and 4,890 g/t silver (see Figure 12), and 43.2 g/t gold from the most westerly zone (Figure 11); and
- Discrete zones of interpreted redbed-style, high-grade copper-silver mineralization discovered in the northwest project area completely separate from the vein hosted gold-copper-silver epithermal style mineralization in the southeast.

With the discovery of this large-scale epithermal vein system, an initial 5,000m drill program comprised of 25 holes from 11 drill pad locations has been designed to test the vertical and lateral continuity of gold-copper mineralization. The Company submitted a drilling application and received approval on November 29, 2022 with drilling commenced in December 2022. To date, four of the planned 25 drill holes have been completed. Assays are pending for the first two holes with the third and fourth holes being prepared for shipment to the assay lab.

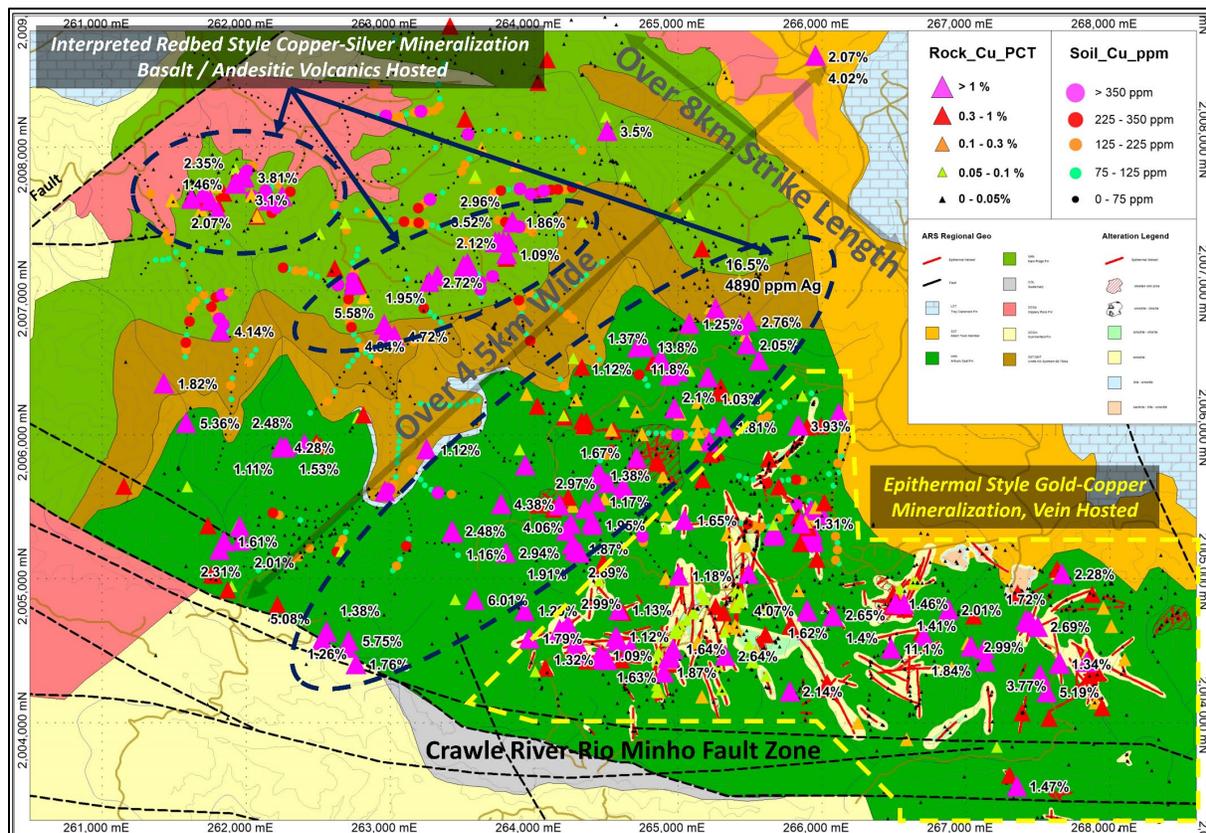


Figure 10 - Geology map showing footprint of copper-gold-silver mineralization extending 8.0 km by 4.5 km. Interpreted redbed style copper-silver mineralization in rock chip samples highlighted in dashed outlines. All rock chip samples assaying greater than 1% copper are shown as magenta triangles.

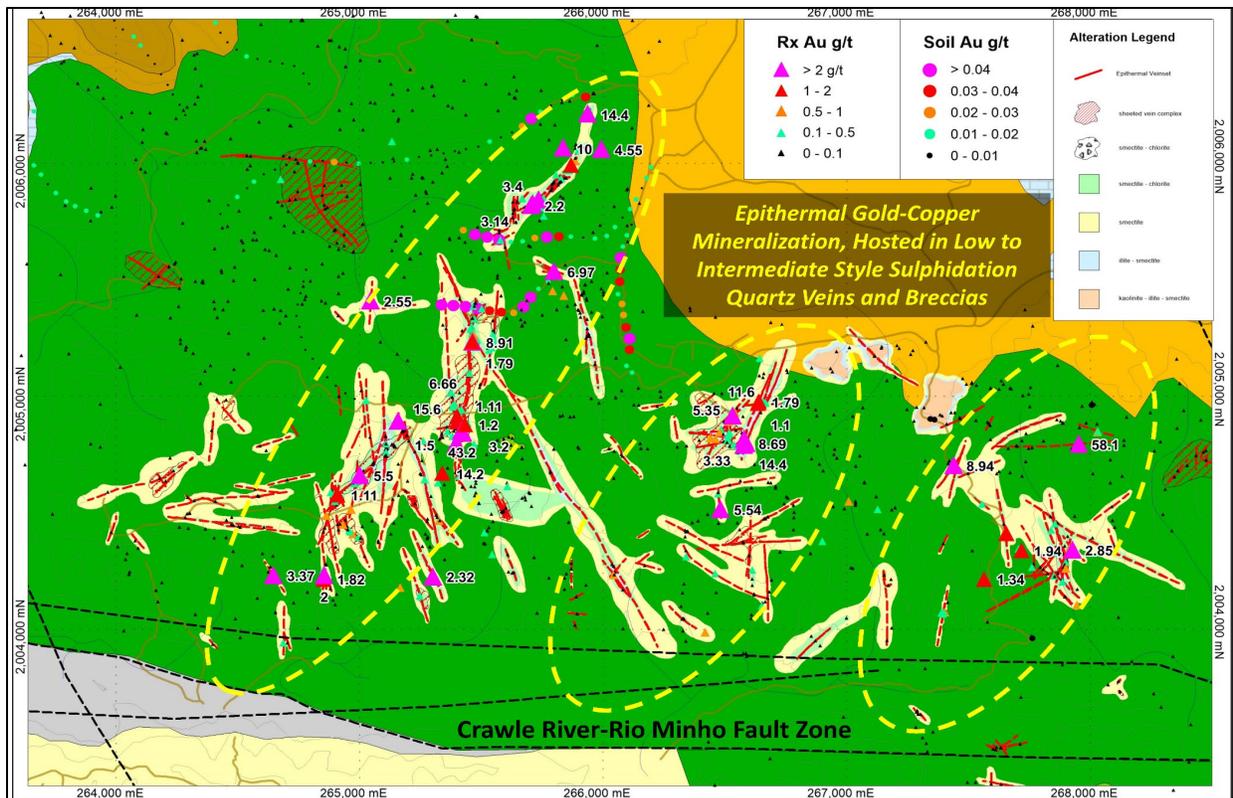


Figure 11 - Map showing 5.0 km by 3.0 km area of high-density, low-intermediate sulphidation epithermal vein swarm. Location of vein discoveries highlighted in dashed yellow. Rock chip samples assaying greater than 2.0 g/t Au are shown as magenta triangles.

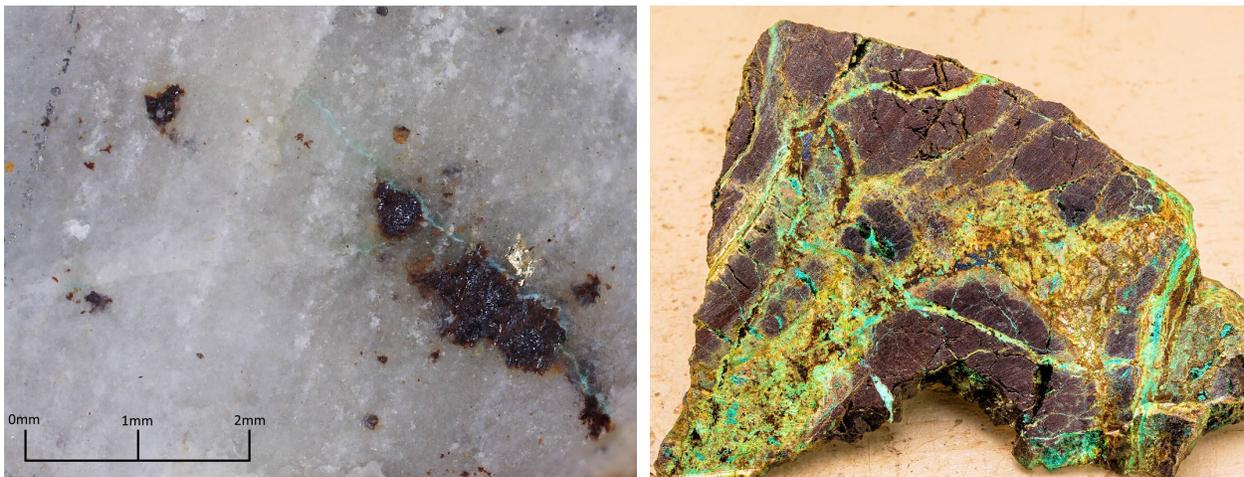


Figure 12 - Rock chip samples from epithermal vein swarm at Arthurs Seat (Left) USB Microscope 20X image showing free gold adjacent to bornite; sample assayed 58.1 g/t gold. (Right) Rock chip showing significant secondary copper in basalt with bornite, tennantite/tetrahedrite; sample assayed 16.5% copper, 4,890 g/t silver and 0.50 g/t gold.

The recent discovery of epithermal quartz veins to the west and south of the important CRFZ suggests the potential to expand the epithermal mineralization further. C3 Metals is continuing an aggressive mapping and sampling program along the 20km trend of the CRFZ, from the northern portion of Bellas

Gate, through Arthurs Seat to Main Ridge. Surface mapping and sampling will continue over the coming months to define drilling priorities.

## Main Ridge

The 3,000-hectare property is contiguous with and continues approximately 15 kilometres to the west of the Company’s Arthurs Seat project. On January 25, 2023, the Company announced the results from a comprehensive mapping and sampling program at Main Ridge. The results from the ongoing program and previous field exploration programs have identified multiple gold and copper targets with similar mineralization styles to those identified at Arthurs Seat. A total of 941 rock chip and channel samples have been collected to date with 59 rock samples reporting over 0.10% copper (up to 18.5% copper) and 83 samples reporting over 0.10 g/t gold (up to 35.8 g/t gold). Highlights from the mapping and sampling include:

- Rock chip samples along the Bennet Fault extending 4km southeast and northwest of the former Pennants Gold Mine, located 300m west of historical drill hole MD28, assayed 35.8 g/t gold (see Figure 13);
- Channel sample results from the Rio Minho Fault defined over a 4 kilometre strike length and included 16.0m at 1.22% copper and 7.8 g/t silver, as well as 2.0m at 6.07% copper and 19.4 g/t silver (see Figure 14);
- Strong correlation of radiometrics (potassium anomaly) and gold mineralization at Main Ridge and Arthurs Seat;
- Main Ridge and Arthurs Seat epithermal systems all host similar copper, gold and silver geochemical signature and vein and breccia textures; and
- Two mineralized splays off the Crawle River-Rio Minho Fault Zone (“CRFZ”) cut through Main Ridge.

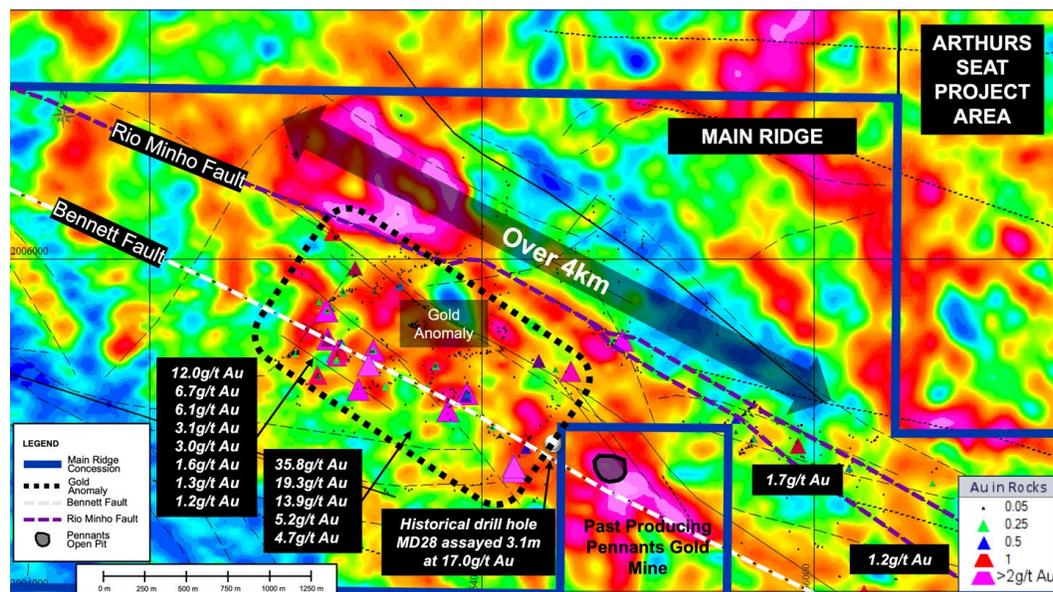


Figure 13 - Main Ridge radiometric image (potassium) showing a zone of strong gold mineralization northwest of the past producing Pennants Gold Mine with numerous rock chip assays above 1.0 g/t gold and up to 35.8 g/t gold

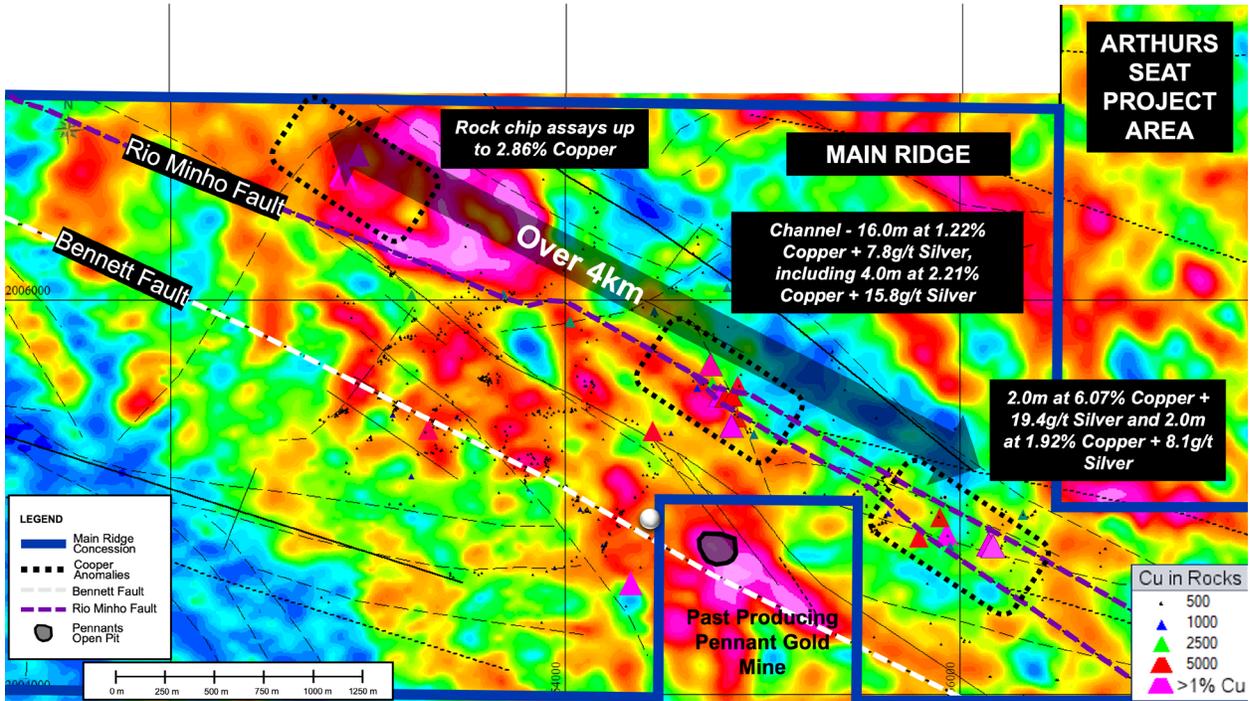


Figure 14 - Main Ridge radiometric image (potassium) showing three zones of strong copper mineralization, including both rock chip assays above 1% copper and channel sampling results.

The Company is currently evaluating and ranking the mineral occurrences at Main Ridge and if warranted, may budget for an initial drill program in 2023.

### Hungry Gully

Soil geochemistry surveys were completed by the Company during 2014 and 2015. In 2023, the Company plans on undertaking surface exploration mapping and sampling to evaluate the south project area.

### Acquisition Costs

As at November 30, 2022, the Company had a capitalized balance of \$1,741,286 (August 31, 2022 - \$1,741,145) with respect to property costs for the Bellas Gate Project and \$1,030,428 (August 31, 2022 - \$1,030,241) for the other Jamaica licence. During the three month period ended November 30, 2022, licence renewal fees were \$1,438 for all Jamaican licences.

### Exploration Expenditures

As at November 30, 2022, exploration expenditures incurred directly by the Company for the Bellas Gate Project have a total carrying value of \$7,393,699 (August 31, 2022 - \$6,560,786). These costs are comprised of the Company's direct exploration expenditures. Costs incurred by the Company during the three month period ended November 30, 2022 total \$803,309 and are related primarily to geology costs of \$220,258, drilling related costs of \$548,502, environmental costs of \$4,544, community and social development costs of \$22,252, and health and safety costs of \$7,753.

As at November 30, 2022, the carrying value of exploration costs for the other Jamaica licences total \$1,736,114 (August 31, 2021 - \$1,211,992). During the three month period ended November 30, 2022, the Company incurred total costs of \$520,120 primarily at Arthurs Seat. These costs related primarily to geological field work for \$357,810; drilling related costs of \$87,426, environmental costs of \$15,197, community and social development costs of \$59,541, and health and safety costs of \$146.

## 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, having a value of \$75,000, based on the prelisting finance price. Cascade Copper plans to be publicly listed on the Canadian Securities Exchange during 2023. During April 2022, Tocvan assigned its 100% interest in the Rogers Creek project to Cascade Copper, which will focus on copper porphyry exploration assets in southern British Columbia. The Company has a 2% NSR royalty on the Rogers Creek project where 1% can be repurchased for \$1 million. The purchase and sale agreement superseded 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 December 2021, the Mackenzie project claims lapsed. 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. In September 2022, the Company received 625,000 Cascade Copper shares as final consideration for the purchase and sale agreement.

## SELECTED INTERIM INFORMATION

The following tables contain selected annual financial information for the three month periods ended November 2022, 2021 and 2020.

	Three month period ended November 30, 2022 \$	Three month period ended November 30, 2021 \$
Revenue	Nil	Nil
Total expenses	(760,644)	(1,014,404)
Other income (expense)	(61,794)	16,730
Net loss for the period	(822,438)	(997,674)
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, 2022, total expenses before interest, other income and foreign exchange loss were \$760,644 and were comprised of: \$250,367 related to promotion and investor relations; \$13,774 related to regulatory authority and transfer agent fees; \$29,796 with respect to professional fees for legal, accounting and audit services; \$350,142 with respect to office, general and administrative costs; and, \$116,565 with respect to non-cash share based compensation expense related to stock options and restricted share units.

Total expenses, before other income and expenses were lower by \$253,760 during the first quarter of fiscal 2023 when compared to the same quarter in fiscal 2022. Promotion and investor relations cost were higher by \$99. Higher costs were incurred related to new promotional campaigns to increase investor awareness, attendance at investor conferences (including related travel) but were offset by costs saved resulting from the departure of the Company's Vice President, Investor Relations, who left the Company at the end of May 2022. Regulatory and transfer agent fees were \$22,354 lower during the first quarter of fiscal 2023. Higher costs in Q1 fiscal 2022 related primarily to the Company's new listing on the OTC Markets and costs to obtain DTC eligibility in the United States. Professional fee expenses were lower by \$40,143 primarily related to lower legal costs in both Peru and Canada during the first quarter of fiscal 2023. Office, general and administrative costs were lower by \$4,303 primarily related to lower fees paid to officers, offset by higher accounting fees due to increased activity, storage fees in Peru and the impact of exchange differences on the Company's foreign subsidiaries. No project generation and evaluation costs were incurred for the three month period ended November 30, 2022. Share based compensation expenses were lower by \$184,859 during the first quarter of fiscal 2023 compared to the first quarter in fiscal 2022. The share based compensation expenses relate to non-cash charges for stock options and restricted share units that were granted on August 15, 2022.

#### Other Income and Expense

Other income and expenses during the three month period ended November 30, 2022 totaled a net expense of \$61,794. Interest income earned on cash balances during the first quarter of fiscal 2023 was \$26,895. A loss on the Tocvan marketable securities of \$65,214 was recorded and a foreign exchange loss of \$23,475 was also recorded.

#### Net Loss and Loss per Common Share

For the three month period ended November 30, 2022, net loss was \$822,438 (Q1 fiscal 2022 – \$997,674). Basic and diluted loss per common share was \$0.00 (Q1 fiscal 2022 – \$0.00). As the Company incurred a net loss for each of these years, 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 (Income)

Upon consolidation, the financial statements of the Jamaican subsidiaries (CRJL and RJL) and Peruvian subsidiaries (C3 Peru and Molino) 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 (income). During the three month period ended November 30, 2022, a foreign currency translation gain of \$520,910 (Q1 fiscal 2022 – \$171,323) was recorded in other comprehensive income / loss.

## LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2022, the Company held cash and cash equivalents of \$4,297,361 (August 31, 2022 – \$7,302,637) and had working capital of \$4,475,783 (August 31, 2022 – \$7,265,263). 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.

At August 31, 2021, the Company had a balance of 113,100 Tocvan common shares received under the terms of the option agreement for the Rogers Creek project. 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. During the three month period ended November 30, 2022, the Company sold 259,000 Tocvan shares realizing gross proceeds of \$117,097. As at November 30, 2022, the Company held 324,100 Tocvan shares valued at \$144,225.

During September 2022, the Company received 625,000 Cascade Copper common shares in connection with its sale of the Rogers Creek project to Tocvan. These shares were valued at \$75,000.

Given the Company's plans for significant exploration expenditures on its projects during 2023, 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 26, 2023, November 30, 2022 and August 31, 2022 is as follows:

	January 26, 2023	November 30, 2022	August 31, 2022
Common shares	589,504,235	589,504,235	589,504,235
Warrants	-	-	5,200,000
Broker warrants	6,016,031	6,016,031	6,016,031
Stock options	40,960,000	51,660,000	51,660,000
Restricted share units (RSUs)	2,036,364	2,036,364	2,036,364
Deferred share units (DSUs)	737,680	737,680	737,680
Fully diluted shares outstanding	639,254,310	649,954,310	655,154,310

On December 31, 2022, a total of 10,700,000 stock options with exercise prices ranging from \$0.08 to \$0.15 expired. On September 4, 2022, 5,200,000 warrants exercisable for common shares at \$0.08 expired.

### 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, price risk, currency risk and interest rate risk are disclosed in note 12 to the annual consolidated financial statements for the years ended August 31, 2022 and 2021.

### 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, 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, 2022 and 2021.

## **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 beginning on or after January 1, 2022. Many are not applicable or do not have a significant impact on the Company and have been excluded from the summary below.

### **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements**

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policies. The amendments aim to help entities provide accounting policy disclosures that are more useful to the users of the financial statements by replacing significant accounting policies with the requirement of disclosing only those accounting policies that are material. The amendments further clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The IASB has developed guidance and examples to help entities apply materiality judgments to accounting policy disclosure. The amendments are applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

## **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 8, 2022 which is filed on SEDAR.

## **CORPORATE INFORMATION**

### **Officers and Directors**

- Dan Symons, BA (Hons.) – 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
- Charlotte May – Corporate Secretary
- Antony Manini, B.Sc., FAusIMM, FSEG – Director and Executive Chairman of the Board
- 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](http://www.c3metals.com)

### **Corporate Office**

161 Bay Street, 27<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2S1, (416) 572-2510

### **Independent Auditor**

PricewaterhouseCoopers LLP, Ottawa, Canada

### **Corporate Legal Counsel**

Irwin Lowy LLP, Toronto, Canada