

C3 METALS INC.
(Formerly Carube Copper Corp.)
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Three and Nine Month Periods Ended May 31, 2021
(Information as at July 29, 2021 unless otherwise noted)

INTRODUCTION

The following provides management’s discussion and analysis of results of operations and financial condition for the three and nine month periods ended May 31, 2021 and 2020. Management’s discussion and analysis (“MD&A”) was prepared by C3 Metals Inc. management and approved by the Board of Directors on July 29, 2021.

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”). Additionally, the Company’s trading symbol on the TSX Venture Exchange (“TSX-V”) was changed to CCCM. On June 18, 2015, Miocene Resources Limited (“Miocene”) completed a reverse takeover with Carube Resources Inc. (“CRI”). On July 7, 2015, the Company commenced trading on the TSX-V under the former name Carube Copper Corp.

On February 26, 2020, the Company completed the acquisition of all of the issued and outstanding shares of Latin America Resource Group Limited (“LARG”), a private Canadian company located in Toronto, Ontario. LARG held a 100% beneficial interest in eight exploration concessions and two option agreements to earn up to a potential 100% beneficial interest in five additional concessions, through its wholly-owned Peruvian subsidiary named C3 Metals Peru S.A.C. (formerly KA Oro S.A.C.). These 13 concessions comprise the Company’s Jasperoide copper-gold project, located in the Andahuaylas-Yauri belt of Peru.

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”), LARG, and C3 Metals Peru S.A.C. (“C3 Peru”).

This MD&A should be read in conjunction with the Company’s condensed consolidated interim financial statements for the periods ended May 31, 2021 and 2020 which are prepared in accordance with International Financial Reporting Standards (“IFRS”). This MD&A should also be read in conjunction with the Company’s consolidated annual financial statements for the years ended August 31, 2020 and 2019, which are prepared in accordance with IFRS for annual financial statements. All figures are presented in Canadian dollars unless otherwise indicated.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document may contain or refer to certain 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.

NATURE OF OPERATIONS AND DESCRIPTION OF BUSINESS

C3 Metals is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of mineral properties focused on Peru and Jamaica as well as British Columbia in Canada. 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.

Peru

In Peru, the Company holds a 100% beneficial interest in 11 exploration concessions and has an option agreement to earn a 100% interest in two additional concessions. These 13 concessions comprise the Jasperoide copper-gold project, located in the Andahuaylas-Yauri belt of Peru. The Jasperoide project concessions cover a total area of 5,696 hectares.

Jamaica

In Jamaica, the Company has 100% ownership of five licences covering 207 square kilometres known as the Bellas Gate Project (“BGP”) which is comprised of the Bellas Gate and Browns Hall Special Exclusive Prospecting Licences (“SEPLs” or the “licences”).

The Company also holds a 100% interest in two of the Rodinia Jamaica licences known as Main Ridge and Hungry Gully within the Cretaceous Inliers of east-central Jamaica. Additionally, the Company holds a 100% interest in the Arthur’s Seat licence also located in the Central Inlier.

The majority of historical exploration work has been undertaken on the BGP Project that hosts porphyry and epithermal style copper, gold and silver mineralization. The most recent exploration in Jamaica has focused on the Main Ridge project with mapping and prospecting, a grid-based soil sampling program and follow-up rock channel sampling over the eastern area of the Main Ridge project.

British Columbia

The Rogers Creek and Mackenzie properties located in British Columbia, Canada are prospective for copper, gold and molybdenum. Together these properties consist of a total of 32 claims and cover 303 square kilometres in area.

During May 2018, the Company entered into an option earn-in agreement with Tocvan Ventures Corp. (“Tocvan”) which has a right to earn an 80% interest in the Rogers Creek project by spending \$1,900,000 on exploration; payment of \$25,000 cash; and 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 during March 2019 and a further 200,000 common shares were received in June 2020.

Nova Scotia

During April, 2019, the Company acquired, through staking, a 100% interest in four licences comprising the Stewart Brook Gold (“SBG”) project area covering over 46 square kilometres in Guysborough County, Nova Scotia. During the quarter ended May 31, 2021, the Company determined that it would not continue with exploration at the SBG project. An impairment charge of \$39,797 was recorded with respect to prior property costs and exploration expenditures.

Details with respect to the Company’s property interests and exploration programs are described in the section *Overall Performance and Results of Operations*.

RECENT ACTIVITY HIGHLIGHTS

Drilling Continues to Intersect High Grade Copper at Jasperoide Project, Peru including 119 metres of 1.15% Cu and 0.37 g/t Au

On July 27, 2021, the Company announced assays from an additional three holes from its ongoing drilling program of the Jasperoide Copper-Gold Project, Peru. The three holes were drilled on section line JAS2700, the drill line 50 metres north of high-grade intercepts reported on line JAS2650. The results extend high grade copper-gold mineralization within the zone of pervasive skarn development.

Drill Program Highlights:

- Assays continue to confirm broad intervals of strong copper-gold mineralization including:
 - JAS2700-03
 - 118.71m @ 1.15% Cu and 0.37 g/t Au from 87.3m including
 - 29.95m @ 2.57% Cu and 0.50 g/t Au from 106.1m
 - JAS2700-02
 - 99.81m @ 0.90% Cu and 0.34 g/t Au from 68.4m and
 - JAS2700-01
 - 102.0m @ 0.61% Cu and 0.23 g/t Au from 79.0m
- Deposit remains open in all directions
- Feeder style structure discovered
- Assay results pending for 12 drill holes – drilling continuing

It was noted that Montaña de Cobre drilling is demonstrating that skarn hosted copper-gold mineralization is open in all directions and extends both laterally and along strike.

A total of 22 holes have been completed with all holes drilled to date intersecting alteration and mineralization styles consistent with a telescoped skarn-epithermal-porphyry system.

Acquisition of Hochschild Mining's interest in the Jasperoide Project, Peru

On July 15, 2021, the Company announced that it had 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. Consolidation of the ownership in Jasperoide will be executed through an amendment of the original Master Agreement entered into by C3 Peru in 2017. The transaction is between the Company's wholly owned subsidiary C3 Peru, Hochschild and Compania Minera Ares S.A.C. ("Ares"), a wholly owned subsidiary of Hochschild. As consideration for the acquisition, the Company will issue 25,001,540 common shares of the Company to Hochschild.

In connection with the acquisition, the Company will grant a 2% 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 1%) 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 to be issued will be 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. The common shares to be issued for the acquisition remain subject to TSX Venture Exchange approval.

Geophysical Programs Commence at Jasperoide Project, Peru

On June 16, 2021, the Company announced that geophysical programs had begun at the Jasperoide project to guide deeper drilling of high-grade copper-gold mineralization intersected near the Montana de Cobre zone and to define additional targets for drilling. The program includes an 1,800-line-kilometre helicopter-borne magnetic and radiometric survey and a 43-line-kilometre ground induced polarization (IP) survey. Completing these surveys is a major step forward in advancing the exploration and development of Jasperoide and an exceptional opportunity for skarn, porphyry and epithermal-style discoveries. The airborne magnetic and ground IP surveys are planned to define magnetite and sulphide-bearing skarn horizons and porphyry targets and the surveys are anticipated to be completed and data processed by the end of third quarter of 2021.

Drilling Confirms High Grade Copper-Gold Mineralization at Jasperoide Project, Peru

On May 25, 2021, the Company announced the first assay results from its drill program at the Jasperoide project in southern Peru. Drilling commenced in February in the southern Montana de Cobre zone with 15 holes completed at that time on two section lines for a total of 3,647 metres. Results from seven holes on the first drill section intersected broad zones of high-grade copper-gold mineralization within a larger low-moderate grade envelope. The drill program will proceed to its planned 10,000 m looking to expand the near-surface copper-gold footprint.

Drill program highlights:

- Assays confirm broad intervals of high-grade copper-gold mineralization, including:
 - JAS2650-01

- 129.0 m at 0.49 per cent Cu and 0.37 gram per tonne Au from 41 m, including 52.0 m at 0.78 per cent Cu and 0.67 g/t Au from 109.0 m.
- JAS2650-03
 - 54.05 m at 1.17 per cent Cu and 0.45 g/t Au from 70.4 m;
 - 26.10 m at 2.19 per cent Cu and 0.69 g/t Au from 154.9 m.
- JAS2650-05
 - 53.24 m at 3.11 per cent Cu and 0.46 g/t Au from 92.6 m, including 29.84 m at 4.96 per cent Cu and 0.56 g/t Au from 116.0 m;
 - 17.10 m at 6.69 per cent Cu; 0.59 g/t Au from 128 m;
 - 17.00 m at 2.10 per cent Cu and 0.61 g/t Au from 178.0 m.
- JAS2650-06
 - 117.30 m at 1.31 per cent Cu and 0.15 g/t Au from 1.70 m, including 60.0 m at 2.38 per cent Cu and 0.14 g/t Au from 59.0 m, includes 38.50 m at 3.50 per cent Cu and 0.12 g/t Au from 77.0 m, includes 16.0 m at 6.39 per cent Cu and 0.06 g/t Au from 99.2 m;
- JAS2650-07
 - 43.00 m at 1.67 per cent Cu and 0.14 g/t Au from 79.00 m, including 18.10 m at 3.72 per cent Cu and 0.02 g/t Au from 103.9 m, includes 10.00 m at 4.23 per cent Cu and 0.02 g/t Au from 112.0 m;
- Drilling indicates a well-developed copper enrichment profile and supergene blanket;
- Secondary copper species are dominated by malachite, azurite, chrysocolla and chalcocite.

The Company's phase 1 drill program at the Montana de Cobre zone has been designed to confirm and increase confidence in the lateral extent of the copper-gold mineralization through both infill and step-out drilling on a 50-metre grid. Unlike porphyry deposits, skarn deposits are well known to demonstrate higher variability in alteration and mineralization, hence the Company has elected to use a tighter grid spacing as a judicious approach to not only gain a better understanding of the system but as the basis for future resource calculation. As a result, the Company has high confidence in the copper-gold mineralization, having a 450 metre lateral extent on Section JAS2650.

Copper-gold mineralization at Jasperoide 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.

The drilling program has been planned to define the dimensions of the skarn system and, more importantly, to identify the pathway for mineralizing hydrothermal fluids which may have vented off from a porphyry copper system at depth. Drill progression will continue northward to the Cresta Verde zone, after completing the expanded program at the Montana de Cobre zone and then to the south into the Callejon de Oro zone.

Warrant and Stock Option Exercises

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

Commencement of Drilling at the Jasperoide Project, Peru

On February 22, 2021, the Company announced that it had commenced drilling at its flagship Jasperoide copper-gold project in southern Peru. Drilling was initiated at the first drill platform at the Montana de Cobre zone. The phase 1 program comprises an initial 3,500 metres in approximately 15 holes of 100 to 250 metre depth, nominally on 50 metre centres, and is designed to demonstrate lateral and vertical continuity of the high-grade copper-gold mineralization. Drilling commenced in the south and will move northward along the targeted contact between the intrusive complex and the Ferrobamba formation.

Highlights included:

- Phase 1 drilling will test a large-scale, copper-gold skarn-porphyry system.
- Historic drilling returned grades such as 185.2 m at 1% Cu, 0.39 g/t Au (JADD11-03) from 22 m depth.
- An epithermal gold target at the Callejon de Oro zone will also be tested, where historic channel sampling returned 11 m at 19.5 g/t Au.
- The phase 2 program of 6,500 m is designed to expand the Jasperoide skarn horizon footprint and test potential down-dip skarn horizons.
- COVID-19 protocols are in place to protect the community, employees and contractors.

Brokered Private Placement Financing Raising \$7.4 Million

On January 19, 2021, the Company announced it had entered into an engagement letter with Eight Capital, under which Eight Capital, acting as lead agent for the Company on behalf of a syndicate of agents, agreed to offer for sale up to 28,572,000 common shares of the Company on a best-efforts private placement basis at an issue price of \$0.14 per common share, for aggregate gross proceeds of up to \$4,000,080. On January 25, 2021, the Company announced an amended agreement with Eight Capital to increase the size of the private placement for sale of up to 46,429,000 common shares of the Company for aggregate gross proceeds of up to \$6,500,060. The Company also granted the agents an overallotment option to distribute up to an additional 6,964,300 common shares at the issue price.

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

Jasperoide, Peru - Core Resampling Program

On January 15, 2021, the Company announced the completion of a core resampling program, which focussed on core from seven holes that were drilled by Hochschild in 2011 to 2012, totalling approximately 645 metres. The program was initiated to confirm the distribution and tenor of the skarn-hosted copper-gold mineralization and to verify historic results for future resource calculations. Results from the program confirmed both the successful verification of, and significant copper intercepts in, all seven historical holes.

Highlights included:

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

- Significant zones of high-grade copper and gold assays were also verified, including:
 - JADD11-04 returned 24 m at 2.96% Cu and 0.70 g/t Au (historical one-half core);
 - JADD11-04 returned 24 m at 2.76% Cu and 0.67 g/t Au (resampled one-half core).

Executive Appointments

On January 5, 2021, the Company announced the appointment of Kevin Tomlinson to the position of President and Chief Executive Officer and as a director of the Company and Alec Rowlands as Vice President, Investor Relations. Stephen Hughes, the Company's former CEO, will focus on the role of Vice President, Exploration.

Mr. Tomlinson is a Canadian/Australian structural geologist and investment banker with over 35 years experience in the exploration, development and financing and M&A of mining projects globally, and particularly the North American, Australasian and European capital markets. Mr. Tomlinson's diverse career commenced with 15 years in technical and senior exploration management roles predominantly at Plutonic Resources, followed by several years as the managing director and CEO of ASX-listed junior Austminex, and as head of research for Hartleys stockbroking in Australia. He was a senior consultant to Maxit Capital, leading the merger of Gryphon Minerals with Teranga Gold and his most recent position prior to joining the Company was as chairman of Cardinal Resources Limited, a dual-listed ASX and TSX listed company that delineated a Tier 1, 5.1-million-ounce gold deposit in Ghana and was taken over in 2021.

Mr. Tomlinson holds a BSc (hons) and a MSc degree in structural geology and a graduate diploma in finance and investment from the Securities Institute of Australia. He is a fellow of the Chartered Institute for Securities and Investment (CISI), a liveryman for the Worshipful Company of International Bankers (UK) and a fellow of the Institute of Directors (UK).

Mr. Rowlands has over 25 years experience in mining finance. He is the former managing director of First Marathon Securities (London) and former head of sales for Gordon Capital (New York). Since 1999, Mr. Rowlands has held several senior finance positions, including with Yorkton Securities, Westwind Partners, Jennings Capital and PowerOne Capital Markets Ltd.

Mr. Rowlands has been an active investor and founding shareholder in several mining ventures, notably Aurix Gold, which was acquired by B2Gold for its Otjikoto project in Namibia in 2011. He was the former Vice President, Investor Relations and Corporate Development for Cardinal Resources Limited.

Director Appointment

On December 1, 2020, the Company announced the appointment of Mr. Fernando Pickmann as a director of the Company effective December 1, 2020. Mr. Pickmann is a lawyer with over 20 years of corporate, securities and mining law experience. He holds a law degree, a LLM in corporate law and is currently a partner of Dentons law firm in Lima specializing in advising significant mining companies in Peru. Mr. Pickmann was a professor of mining law and strategic alliances at Lima University and has acted as internal legal adviser to the Peruvian government on the Mining Privatization Committee of Centromin, Peru. He is a former board member of PeruPetro (Peruvian agency for oil and gas) and is a current director and the president of TSX-V listed Regulus Resources and a director of TSX-V listed Aldebaran Resources.

Jaseroide, Peru – Historical Data Review

On September 30, 2020, the Company announced it had completed a comprehensive review of all historical data for the Jasperoide porphyry-skarn district. Three high-priority areas for immediate follow-up of surface exploration and drilling have been identified as follows:

Montana de Cobre

- Extensive 1.5 kilometres of strong copper and gold mineralization hosted in massive magnetite and garnet-diopside skarns coincident with an intense geophysical magnetic high.
- 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 m at 0.97% Cu, 0.37 g/t Au in JADD12-03 (from 37.1 m);
 - including 34.5 m at 2.55% Cu, 0.69 g/t Au (from 103.5 m);
 - 140.3 m at 3.54% Cu, 0.33 g/t Au in JADD11-10 (from 70 m);
 - including 24.3 m at 5.76% Cu, 0.1 g/t Au (from 86 m).
 - Proximal diorite porphyry shows strong endoskarn and phyllic alteration with porphyry B-type veining.
 - Mineralization remains open in all directions.

Cresta Verde

- Outcropping massive magnetite skarn-hosted copper-gold mineralization coincident with a strong magnetic anomaly extending north from Montana de Cobre.
- A single 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 stepout drilling.

Callejon de Oro

- Strong magnetic anomaly extending for greater than 1.2 kilometres to the southwest of Montana de Cobre.
- High-grade epithermal-style gold mineralization in trenches and soils.
- Results from trench 24 and a single drill hole, respectively, include: 11 m at 19.5 g/t Au and 1.23 m at 27.2 g/t Au (from 210.9 m).
- Target has been the subject of minimal scout drilling and remains highly prospective.

SELECTED INTERIM INFORMATION

The following tables contain selected interim financial information for the three and nine month periods ended May 31, 2021 and 2020.

	Three month period ended		Nine month period ended	
	May 31, 2021 \$	May 31, 2020 \$	May 31, 2021 \$	May 31, 2020 \$
Revenue	Nil	Nil	Nil	Nil
Total expenses	(1,307,106)	(172,809)	(2,364,338)	(742,880)
Other income	348,425	111	693,467	57,839
Net loss for the period	(958,681)	(172,698)	(1,670,871)	(685,041)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.00)	(0.00)
Cash dividends per common share	Nil	Nil	Nil	Nil

For the three month period ended May 31, 2021, total expenses before interest, other income and foreign exchange loss were \$1,307,106 and were comprised of: \$82,476 related to promotion and investor relations;

\$38,279 related to regulatory authority and transfer agent fees; \$45,458 with respect to professional fees for legal, accounting and audit services; \$312,303 with respect to office, general and administrative costs; \$2,805 with respect to project generation and evaluation; \$785,988 with respect to non-cash share based compensation expense for stock options and restricted share units; and, \$39,797 related to impairment of mineral exploration property and deferred exploration expenditures related to the Stewart Brook Gold, Nova Scotia project.

Total expenses, before other income and expenses were \$1,134,297 higher during the third quarter of fiscal 2021 when compared to the same quarter in fiscal 2020. Promotion and investor relations costs were higher by \$65,501. Increased costs related to an ongoing promotional campaign to increase investor awareness, the addition of the Vice President, Investor Relations who joined the Company in January 2021 and to costs associated with redesign of the Company website. Regulatory and transfer agent fees were \$26,389 higher related to increased TSX-V filing fees. Professional fee expenses were higher by \$13,505 primarily related to higher legal costs both in Canada and Peru. Office, general and administrative costs were significantly higher by \$210,570. Several factors resulted in higher administrative costs: the senior management group was expanded with the addition of a new President and Chief Executive Officer in January 2021. The Company established a new corporate head office in Toronto and incurred related setup and support costs. Additionally, some senior management time shifted from project related activities in the prior year to general administration. Project generation and evaluation costs were lower by \$255 during the quarter. Share based compensation expenses were significantly higher by \$778,790 as the Company recorded non-cash charges related both to stock options granted in the second and third quarters of fiscal 2021 and to restricted share units granted during January of 2021 in a total amount of \$785,988. During the third quarter of fiscal 2021, the Company determined that it would not proceed with exploration at the Stewart Brook Gold project, Nova Scotia, an impairment charge of \$39,797 was recorded.

For the nine month period ended May 31, 2021, total expenses, before other income, were \$1,621,458 higher when compared to the same period during fiscal 2020. This increase related primarily to higher promotion costs of \$168,450, higher office, general and administrative costs of \$539,780 and higher share based compensation costs of \$1,045,694. Offsetting these increased costs was a reduction in project generation and evaluation costs of \$208,578.

Other income during the three month period ended May 31, 2021 totaled \$348,425 (Q3 fiscal 2021 - \$111). Interest income on cash balances during Q3 fiscal 2021 was \$12,040. A gain on the Tocvan marketable securities of \$370,396 was recorded during the three month period ended May 31, 2021. A foreign exchange loss of \$34,011 was also recorded. Other income during the nine month period ended May 31, 2021 totaled \$693,467 and included interest income of \$16,744, a gain of \$716,896 on the Tocvan marketable securities and a foreign exchange loss of \$40,173. During May 2021, the Company sold 120,800 Tocvan shares realizing cash proceeds of \$163,436.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Mineral Exploration Properties and Deferred Exploration Expenditures

Jasperoide Project, Peru

Overview

On February 26, 2020, the Company completed the acquisition of a 100% interest in LARG. LARG's subsidiary, C3 Peru, holds a 100% beneficial interest in eight exploration concessions and had two option agreements to earn a potential 100% beneficial interest in five additional concessions. These 13

concessions comprise the Jasperoide copper-gold project, located in the Andahuaylas-Yauri belt of Peru. The Jasperoide project concessions cover a total area of 5,696 hectares.

Subsequent to quarter end, 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 project relating to three concessions subject to an option agreement. Consolidation of the ownership in Jasperoide will be executed through an amendment of the original Master Agreement entered into by C3 Peru in 2017. The transaction is between the Company's wholly owned subsidiary C3 Peru, Hochschild and Compania Minera Ares S.A.C. ("Ares"), a wholly owned subsidiary of Hochschild. As consideration for the acquisition, the Company will issue 25,001,540 common shares of the Company to Hochschild.

The Jasperoide copper-gold project, which is located in the highly prospective Andahuaylas-Yauri belt of Peru, is host to several large producing copper-gold-molybdenum deposits and mines owned by major companies, including Las Bambas (MMG), Antapaccay (Glencore) and Constancia (Hudbay). The Jasperoide project hosts a number of copper-gold skarn and porphyry targets at various stages of exploration, with drilling by previous explorers intersecting intervals of copper-gold mineralization. The Company's due diligence has also identified the potential for porphyry-style copper-gold mineralization.

La Bruja Option Agreement

Two concessions are subject to an option agreement with Inversiones La Bruja S.A.C. ("La Bruja"), where the Company can 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, 2021, cash option payments totalling US\$180,000 had been provided with a balance of US\$1,820,000 outstanding. During June 2020, amending agreements to adjust the timing of cash option payments and exploration expenditure requirements were concluded. Future anniversary payments due by August 31 each year are as follows: 2021 – US\$320,000; 2022 – US\$500,000; and, 2023 – US\$1,000,000.

As at May 31, 2021, a total of US\$1,303,410 of cumulative exploration expenditures had been incurred with a balance of US\$696,590 remaining to be incurred by August 31, 2023. Cumulative exploration expenditures of US\$500,000 are required by August 31, 2021 and were exceeded during the quarter ended February 28, 2021. 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.

Ares Option Agreement

Three concessions were subject to an option agreement with Compania Minera Ares S.A.C. where the Company had 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.

Subsequent to quarter end, during June 2020, 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. As consideration for the acquisition, the Company will issue 25,001,540 common shares of the Company to Hochschild. In connection with the acquisition, the Company will grant a 2% 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 1%) 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.

Jasperoide Project Property and Exploration Costs

The fair value of the common shares and other consideration provided for the acquisition of LARG totaled \$7,205,150 and was allocated to the fair value of net identifiable assets acquired. This resulted in a value of \$7,540,390 being allocated to the acquired mineral exploration property assets for the Jasperoide project at the time of acquisition. During the nine month period ended May 31, 2021, additional concession fees of \$107,583 were incurred. As at May 31, 2021, the carrying value of the Jasperoide mineral property costs was \$7,668,493.

During the nine month period ended May 31, 2021, the Company incurred a total of \$3,113,867 with respect to Jasperoide project exploration costs. Components of total costs comprised: \$712,840 relating to geology; \$8,290 related to geophysics; \$1,544,480 related to drilling and related costs for COVID-19 readiness and protocols, camp construction; \$28,679 related to environmental costs; \$361,759 relating to community and social development; \$79,440 related to health and safety costs; and, \$378,379 related to Peruvian IVA tax on these expenditures. As at May 31, 2021, the carrying value of the Jasperoide deferred exploration expenditures totals \$3,252,914.

The Bellas Gate Project, Jamaica

Overview

The BGP is comprised of the Bellas Gate and Browns Hall SEPLs located within deformed, altered and mineralized Cretaceous rocks, primarily volcanics, within the Central Inlier of Jamaica. The licences are contiguous and cover 84 square kilometres in area. The Spaniards placer mined gold in the 16th century within the Central Inlier and high-grade copper veins were mined at two sites there in the mid-1800s. Subsequently, no significant exploration or development was undertaken until the 20th century when exploration was focused on copper. The BGP is subject to a 2% net smelter royalty (NSR) in favour of Clarendon Consolidated Minerals Ltd., the original vendor of the property. The Company's exploration programs at the BGP are focused on defining copper and gold porphyry resources.

OZ Minerals Term Sheet and Definitive Agreement

During May 2013, the Company entered into a term sheet with OZ Minerals, with a definitive joint venture agreement concluded during May 2015. Significant terms included that OZ Minerals was required to incur staged exploration expenditures of \$6.5 million and staged cash payments to the Company of \$475,000 over a maximum period of 3.5 years to earn a 70% interest in the BGP. After completing the expenditures to earn a 70% interest, in February 2016, OZ Minerals elected to earn a further 10% interest by financing all work to the end of a feasibility study. In September 2016, OZ Minerals, for corporate reasons, elected to withdraw from the Bellas Gate Joint Venture.

During September 2016, the Company announced it had finalized a purchase agreement with OZ Minerals to acquire a 100% interest in OZ Minerals' holdings in Jamaica which include the 70% interest that OZ Minerals had earned in the BGP in addition to other property licences OZ Minerals had acquired in Jamaica.

Bellas Gate Project Property Costs

As at May 31, 2021, the Company had a capitalized balance of \$1,734,100 (August 31, 2020 - \$1,734,520) with respect to property costs for the BGP.

Bellas Gate Project Summary of Past Exploration Activity; 2011 to 2017

Year	Operator	Geophysics	Soil Sampling	Trenching	Drilling	Highlights
2011 and 2012	Carube Resources			800m	3,500m	Camel Hill: 170m of 0.32% Cu in drill hole CH12-01 and 207m of 0.27% Cu and 0.15 g/t Au in drill hole CH12-07
2013	Carube Resources		5,865 samples			15 new target areas defined by copper in soil anomalies including Provost, Hendley, MAB, Geo Hill and Coffee.
2014	OZ Minerals	1,867 line kms airborne mag and radiometrics	1,887 samples		3,964m	Connors: 294m of 0.41% Cu and 0.27 g/t Au; including 96m of 0.68% Cu and 0.57 g/t Au, in drill hole DDH-CON-14-005
2015	OZ Minerals		1,095 samples		6,911m	Hendley: 261m @ 0.22% Cu and 0.07 g/t Au in drill hole HEN-15-003
2016	OZ Minerals	46 km of IP			728m	Provost: 339m of 0.28% Cu and 0.12 g/t Au, including 10m of 1.28% Cu and 0.90 g/t Au in drill hole PVT-16-002
2017	Carube Copper				1,900m	Provost: 340.1m of 0.09 g/t Au and 0.20% Cu including 55.0m of 0.27 g/t Au and 0.35% Cu in PVT-004

Table 1: Summary of exploration activity from 2011 to 2017

Bellas Gate Project Exploration Expenditures

As at May 31, 2021, exploration expenditures incurred directly by the Company for the BGP have a total carrying value of \$3,920,033 (August 31, 2020 - \$4,184,863). These costs are comprised of the Company's direct exploration expenditures and exclude any exploration previously funded by OZ Minerals. Costs incurred by the Company during the nine month period ended May 31, 2021 total \$59,801 and related to geology costs of \$38,144, drilling related costs of \$17,975, environmental costs of \$1,330, community and social development costs of \$329, and health and safety costs of \$2,023.

Rodinia and Other Licences, Jamaica

The Company retains a 100% interest in three licences in Jamaica including the Main Ridge, Hungry Gully and Arthur's Seat licences. This is in addition to the Bellas Gate and Brown's Hall licences, comprising the BGP.

Acquisition of Rodinia Jamaica Limited

On March 31, 2012, the Company completed the acquisition of a 100% interest in Rodinia Jamaica Limited (“RJL”) from Tigers Realm Metals Pty Limited (“TRM”) and Rodinia Resources Pty Limited (“Rodinia”). RJL held a 100% interest in four Special Exploration Prospecting Licences (“SEPLs” or “Rodinia Licences”), which total 184 square kilometres in area and which are known as Belvedere, Hungry Gully, Main Ridge and Mount Royal. The Belvedere and Mount Royal SEPLs are contiguous and are considered one project area known as the Above Rocks Project. Rodinia retained a 2% NSR in respect of the four licences. On June 22, 2021, the Company entered into a binding agreement with Rodinia to purchase 1.5% of the 2% NSR related to the Hungry Gully and Main Ridge SEPLs for a total consideration of US\$75,000 and the issuance of US\$25,000 in Company common shares based on the 30-day volume weighted average price on the closing date. The agreement also provides the Company with a right of first refusal to purchase the remaining 0.5% NSR. As of the date of this MD&A, the Company has paid the cash consideration with the issuance of common shares remaining subject to TSX-V approval.

Other Jamaica Projects Acquired from OZ Minerals

During September 2016, the Company announced it had finalized a heads of agreement with OZ Minerals to acquire a 100% interest in OZ Minerals' holdings in Jamaica which, in addition to the 70% interest that OZ Minerals had earned in the BGP, included five licences covering 276 square kilometres which OZ Minerals had acquired directly in 2014. In April 2017, Carube received the official transfer documents from the Jamaican Ministry of Transportation and Mines for these five additional SEPLs. The licences include Arthurs Seat, Windsor Castle, Berkshire Hall, Mount Ogle and Shirley Castle. All licences have previously had airborne geophysics, which includes magnetics and radiometrics, flown over them by OZ Minerals. OZ Minerals undertook reconnaissance work at the Mammee Hill prospect on the Shirley Castle licence, conducting reconnaissance mapping, rock chip sampling and ridge and spur soil sampling for 298 samples.

The Company's 100% interest in the five licences was subject to a single potential future payment to OZ Minerals of \$1.5 million within one year of commencement of commercial production on any of the five licences. Each of the licences were subject to a 2% NSR with a buyback of one-half of the NSR for \$500,000. During May 2019, the Company completed amendments to the agreement with OZ Minerals to: (i) waive the \$1.5 million payment within one year of commencement of commercial production if the mineral product is less than 10,000 tonnes per annum; and, (ii) reduce the 2% NSR to a 1% NSR with a buyback of one-half for \$250,000 on any of the SEPLs.

Agreement for Sale of Six Jamaican Exploration Licences

On June 19, 2019, the Company announced an agreement with Geophysx Jamaica Ltd. (“Geophysx”), pursuant to which Geophysx acquired six of the Company's SEPLs located in Jamaica including four of the SEPLs previously acquired from OZ Minerals and two of the Rodinia SEPLs. The SEPLs contain early-stage copper-gold exploration projects and include the Belvedere, Mount Royal, Mount Ogle, Berkshire Hall, Windsor Castle and Shirley Castle SEPLs.

Pursuant to this agreement, Geophysx acquired a 100% interest in each of the projects for total cash of \$277,605 (US\$210,000). The Company retains a NSR royalty of 1% on four of these SEPLs. Geophysx will have the right to buy down the first half of the NSR for US\$50,000 per each 0.1% of the NSR (total of US\$250,000) and the second half of the NSR for US\$70,000 per each 0.1% of the NSR (total of US\$350,000). Geophysx would make future cash payments to the Company at milestones following commencement of commercial production that could total US\$240,000.

Main Ridge and Hungry Gully Exploration Activity 2015 to Date

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

There are two highly prospective targets at Main Ridge, including:

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

During 2018, additional mapping and sampling focused on the Main Ridge Gold Zone where results show gold mineralization associated with structural trends hosting quartz, carbonate and adularia veins. Gold mineralization is associated with the low angle northwest striking structure, along dilational jogs developed at the intersection of the low angle northwest structures and cross cutting steeply dipping northeast structures. The width of mapped low angle structures is variable, but locally up to 10 metres in apparent thickness. Results include: 19.3 g/t gold at Mango Valley, 12.0 g/t gold at Donkey Hill and 1.7 g/t gold at Silver Fish which are three newly identified showings within the MRGZ.

During October and November 2018, the Company announced additional positive results from its surface exploration program at the Main Ridge project. A grid-based soil sampling program extended the strike length of the coherent zone of strong gold in soils to 5,500 metres, parallel to the trend of the Bennet Gold Zone (BGZ). Results to date validate the exploration team's interpretation that the gold-bearing quartz-adularia-rhodochrosite veins extend northwest and southeast of the former Pennants gold mine. Mapping, sampling and trenching will continue west and east of the former Pennants mine, to define the structural controls on gold mineralization and define the source of high copper in soils within the project area.

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

- Channel sampling at the Cobre Verde prospect returned:
 - 16.0 metres at 1.22% copper plus 7.8 g/t silver;
 - Including 8.0 m at 1.61% copper plus 10.5 g/t silver;
 - Including 4.0 m at 2.21% copper plus 15.8 g/t silver;
- Channel sampling at the Lime Valley prospect returned:
 - 2.0 m at 6.07% copper plus 19.4 g/t silver;
 - 2.0 m at 1.92 percent copper plus 8.1 g/t silver;
- Channel sampling at the Trout Hall prospect returned:
 - 6.0 m at 2.0% copper, 6.0 m at 1.6% copper.

Rodinia and Other Licences Acquisition Costs

As at May 31, 2021, total property costs for the Rodinia and other licences have a carrying value of \$869,410 (August 31, 2020 - \$869,683). Licence renewal fees were \$553 during the nine month period ended May 31, 2021.

Rodinia and Other Licences Exploration Expenditures

As at May 31, 2021, the carrying value of exploration costs for the Rodinia and Other Licences totals \$657,068 (August 31, 2020 - \$623,335). During the nine month period ended May 31, 2021, the Company incurred total costs of \$92,779 at Main Ridge. These costs related primarily to geological field work for \$89,038 and to geochemistry related to rock sampling for \$1,971.

Stewart Brook Gold, Nova Scotia, Canada

In April 2019, the Company acquired, through staking, a 100% interest in four licences comprising the Stewart Brook Gold (“SBG”) project area covering over 46 square kilometres in Guysborough County, Nova Scotia. The SBG project area was staked due to district-scale exploration potential for saddle reef and vein-style gold mineralization. In May 2019, the Company undertook a till sampling program at SBG which confirmed previous historical work. No additional costs were incurred with respect to SBG exploration costs during the nine month period ended May 31, 2021.

During the three month period ended May 31, 2021, the Company determined that it would not continue with exploration at the Stewart Brook Gold project. An impairment charge of \$39,797 was recorded with respect to prior property costs and exploration expenditures for the project.

British Columbia, Canada Properties – Rogers Creek and Mackenzie

The Rogers Creek and Mackenzie Projects were acquired with the reverse takeover of Miocene. As at May 31, 2021 property costs total \$3,179,850 (August 31, 2020 - \$3,179,850). During March 2019, the Company received a cash payment of \$25,000 and a share payment valued at \$50,000 from Tocvan Ventures Corp. related to the option agreement for the Rogers Creek property (see below). During June 2020, the Company received a first anniversary share payment valued at \$50,000 from Tocvan. These amounts were offset against prior project acquisition costs.

During the nine month period ended May 31, 2021, the Company incurred a total of \$3,150 in exploration costs for the Mackenzie project including geology costs of \$1,200 and geochemical costs of \$1,950.

Rogers Creek

The Rogers Creek copper-gold property is located in southwestern British Columbia, near the town of Pemberton. The property now consists of 23 mining claims covering 212 square kilometres. The property is currently 100% owned subject to an underlying 2.5% NSR, which is payable upon production, half of which could be purchased for \$1.25 million. The property is located in an easily accessible area with excellent infrastructure including a major power line, which crosses the western side of the property, and an extensive logging road network.

During May 2018, the Company entered into an option earn-in agreement with Tocvan Ventures Corp. who have a right to earn an 80% interest in the Rogers Creek project by spending \$1,900,000 on exploration; payment of \$25,000 cash; and 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 during March 2019 following the Canadian Securities Exchange's approval of Tocvan's going public transaction. During June 2020, the company received the first anniversary payment of 200,000 common shares. Following the successful completion of the earn-in, an 80% / 20% joint venture will be formed where the Company would retain a 20% interest in the project subject to funding future pro-rata expenditures. A 3% NSR royalty is payable by Tocvan to the Company with advance royalty payments of \$50,000 per year after Tocvan has earned its 80% interest.

Tocvan is now operating exploration programs at the Rogers Creek property. During the 2019 field season a rock sampling program and induced polarization geophysical survey were completed. Due to COVID-19, a contemplated diamond drilling program was postponed.

Four target areas within the Miocene age Rogers Creek Pluton have been identified on Rogers Creek, based on geophysics, geochemistry, and the presence of alteration and/or mineralization. Exploration work has identified a six by two kilometre area of widespread propylitic alteration, localized copper-gold mineralization and multi-element soil anomalies, including copper, gold and molybdenum.

Mackenzie

The Mackenzie copper-gold property is located in southwestern British Columbia, approximately 100 kilometres west of Lillooet, the nearest population centre, a railhead, source of high-tension power and major roads. Forest service access roads cross the northern and southern claim boundaries and link the property with the town of Gold Bridge, which is located about 40 kilometres to the east.

Mackenzie now consists of nine mining claims covering approximately 91 square kilometres. The British Columbia Government in response to COVID-19, has issued a blanket Time Extension Order for all claims. For the Mackenzie project, assessment work is due before December 31, 2021.

Four of the nine claims that make up the Mackenzie Project are subject to a 2% NSR in favour of the original vendor of the claims. This royalty does not extend to the western half of the Mackenzie property that includes the Bornite Trend where narrow quartz-chalcopyrite-bornite veins were found over a broad area. The Company has the right to buy-back 62.5% of the NSR for the purchase price of \$1,000,000 (adjusted for CPI) with an additional right of first refusal for the remaining 37.5% of the NSR should the original vendor decide to sell all or any part of his interest in the NSR. Additionally, a 1.75% NSR royalty on the Mackenzie property was granted to Wallbridge Mining Company Ltd. ("Wallbridge") in connection with Miocene's prior line of credit arrangements with Wallbridge. The Wallbridge NSR can be repurchased for \$1,750,000.

During August 2019, the Company announced that it had completed a mapping and sampling program at the Mackenzie Project. Previous work has identified three copper-bearing trends across the 91 square kilometre project area. The 2019 exploration program focused on two of the areas, namely the Bornite trend and the Breccia trend prospects. At the Breccia trend, broad zones of gossanous and silicified rock have been identified over a 1,200-metre by 600 m area; copper staining was observed in multiple outcrops; and, host rock is a breccia cut by sheeted and quartz stockwork veins. At the Bornite trend, bornite and chalcopyrite mineralization is hosted by planar and quartz stockwork veins and vein-style mineralization has been defined along a 7.5 km strike length.

From 2012 to 2015, work included mapping and sampling at the Tillworth Trend, Bornite Trend and the Breccia Trend. At the Bornite Trend, copper values ranged up to a maximum of 4.34% Cu with Au ranged from 0.001 to 0.445 g/t; and Ag from 3.34 to 4,170 g/t. Mineralization is located approximately ten kilometres south of Amarc Resource's IKE deposit.

During September 2015, a high resolution airborne magnetic and radiometric survey, which covered a 57 square kilometre area and included the Bornite Trend, was completed on the Mackenzie Project.

Several important characteristics of the area are revealed from interpretation of the airborne magnetic and radiometric data:

- Elevated values in the potassium radiometrics suggesting a potassic alteration zone associated with porphyry mineralization occurs over an area at least 6 km long by 3 km at its widest point within and parallel to the contact of the Bridge River Pluton.
- A large magnetic body — about 2,000m long by 500m wide and 150m below surface — lies directly beneath high copper values on surface in grab samples. Previous mapping and sampling indicate a strong association between copper mineralization and magnetite.
- Interpreted structural zones coincide well with surface exposures of mineralization that parallel the Bridge River Pluton contact. Cross structures also show magnetic enhancement and correlation with copper in grab samples.

In September 2016, a sampling program was focussed on the higher magnetic zones identified at the Bornite Trend. These sample results indicate three zones of anomalous copper in soil along the edge of the potassic altered intrusive.

All technical information within this document has been reviewed and approved by Stephen Hughes, P.Geo., an officer and director of the Company in his capacity as a qualified person as defined under National Instrument 43-101.

RESULTS OF OPERATIONS

Expenses

For the three month period ended May 31, 2021, total expenses before interest, other income and foreign exchange loss were \$1,307,106 and were comprised of: \$82,476 related to promotion and investor relations; \$38,279 related to regulatory authority and transfer agent fees; \$45,458 with respect to professional fees for legal, accounting and audit services; \$312,303 with respect to office, general and administrative costs; \$2,805 related to project generation and evaluation; \$785,988 with respect to non-cash share based compensation expense for stock options and restricted share units; and, \$39,797 relating to an impairment charge for the Stewart Brook Gold project, Nova Scotia.

Total expenses, before other income and expenses were \$1,134,297 higher during the third quarter of fiscal 2021 when compared to the same quarter in fiscal 2020. Promotion and investor relations costs were higher by \$65,501. Increased costs related to an ongoing promotional campaign to increase investor awareness, the addition of the Vice President, Investor Relations who joined the Company in January 2021 and to costs associated with redesign of the Company website. Regulatory and transfer agent fees were \$26,389 higher related to increased TSX-V filing fees. Professional fee expenses were higher by \$13,505 primarily related to higher legal costs both in Canada and Peru. Office, general and administrative costs were significantly higher by \$210,570. Several factors resulted in higher administrative costs: the senior management group was expanded with the addition of a new President and Chief Executive Officer in January 2021. The Company established a new corporate head office in Toronto and incurred related setup and support costs. Additionally, some senior management time shifted from project related activities in the prior year to general administration. Project generation and evaluation costs were lower by \$255 during the quarter. Share based compensation expenses were significantly higher by \$778,790 as the Company recorded non-cash charges related both to stock options granted in the second and third quarters of fiscal 2021 and to restricted share units granted during January of 2021 in a total amount of \$785,988. During the third quarter of fiscal 2021, the Company determined that it would not proceed with exploration at the Stewart Brook Gold project, Nova Scotia, an impairment charge of \$39,797 was recorded.

For the nine month period ended May 31, 2021, total expenses, before other income, were \$1,621,458 higher when compared to the same period during fiscal 2020. This increase related primarily to higher promotion costs of \$168,450, higher office, general and administrative costs of \$539,780 and higher share

based compensation costs of \$1,045,694. Offsetting these increased costs was a reduction in project generation and evaluation costs of \$208,578.

Other Income and Expense

Other income during the three month period ended May 31, 2021 totaled \$348,425 (Q3 fiscal 2021 - \$111). Interest income on cash balances during Q3 fiscal 2021 was \$12,040. A gain on the Tocvan marketable securities of \$370,396 was recorded during the three month period ended May 31, 2021. A foreign exchange loss of \$34,011 was also recorded. Other income during the nine month period ended May 31, 2021 totaled \$693,467 and included interest income of \$16,744, a gain of \$716,896 on the Tocvan marketable securities and a foreign exchange loss of \$40,173. During May 2021, the Company sold 120,800 Tocvan shares realizing cash proceeds of \$163,436.

Net Loss and Loss per Common Share

For the three month period ended May 31, 2021, net loss was \$958,681 (Q3 fiscal 2020 – \$172,698). Basic and diluted loss per common share was \$0.00 (Q3 fiscal 2020 – \$0.00). For the nine month period ended May 31, 2021, net loss was \$1,670,871 (fiscal 2020 - \$685,041). As the Company incurred a net loss for each of these periods, the diluted number of common shares outstanding excludes all contingently issuable shares as they have an anti-dilutive effect for the periods presented.

Other Comprehensive Loss

Upon consolidation, the financial statements of the Jamaican subsidiaries (CRJL and RJL) and Peruvian subsidiary (C3 Peru) are translated into Canadian dollars as follows: assets and liabilities - at the closing rate at the date of the statement of financial position, and income and expenses - at the average rate for the period. All resulting foreign exchange translation adjustments are recognized in other comprehensive income (loss). During the nine month period ended May 31, 2021 a foreign currency translation loss of \$536,234 (fiscal 2020 – \$64,297) was recorded in other comprehensive loss.

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2021, the Company held cash and cash equivalents of \$8,753,166 (August 31, 2020 – \$3,235,301) and had working capital of \$8,858,008 (August 31, 2020 – \$3,104,258). The Company has financed its operations primarily with equity financing.

During May 2021, the Company sold 120,800 Tocvan shares realizing cash proceeds of \$163,436. As at May 31, 2021, the Company held 579,200 Tocvan shares valued at \$752,960.

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

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

Financing activity during fiscal 2020

On August 26, 2020, the Company closed a private placement financing with the issuance of 43,636,381 common shares at a price of \$0.055 per common share raising gross proceeds of \$2,400,001. In connection with this financing, the Company paid cash commissions of \$108,319 and issued 1,755,000 compensation options to finders. Each compensation option entitles the holder to purchase a common share at a price of \$0.055 per share until their expiry date on August 26, 2022.

On January 17, 2020, the Company closed a private placement financing with the issuance of 50,100,000 common shares at a price of \$0.05 per common share raising gross proceeds of \$2,505,000. In connection with this financing, the Company paid cash commissions of \$49,860 and issued 997,200 finder's warrants. Each finder's warrant entitles the holder to purchase a common share at a price of \$0.05 per share until their expiry date on January 18, 2022.

During September 2019, the Company completed a private placement financing raising total gross proceeds of \$260,000 with the issuance of 5,200,000 units. Each unit was comprised of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at \$0.08 per share until their expiry date on September 4, 2022.

Given the Company's plans for significant exploration expenditures focused on the Jasperoide, Peru project during 2021 and into 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.

The Company continues to seek joint venture funding for its exploration projects and has ongoing discussions with a number of companies.

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 29, 2021, May 31, 2021 and August 31, 2020 is as follows:

	July 29, 2021	May 31, 2021	August 31, 2020
Common shares	459,992,641	459,992,641	375,168,311
Warrants	5,200,000	5,200,000	29,229,750
Broker warrants	6,000,300	6,000,300	2,752,200
Stock options	38,645,000	38,645,000	28,705,000
Restricted share units (RSUs)	1,500,000	1,500,000	-
Deferred share units (DSUs)	1,551,694	1,551,694	1,551,694
Fully diluted shares outstanding	512,889,635	512,889,635	437,406,955

During January through March 2021, a total of 23,344,751 warrants due to expire during March 2021 were exercised, a balance of 684,999 warrants expired. Additionally, a total of 458,800 broker warrants and 8,060,000 stock options were exercised during this period.

On January 5, 2021, the Company granted a total of 8,000,000 stock options to directors, officers, employees and consultants of the Company. These stock options are exercisable at \$0.11 per share and expire on January 5, 2026. A total of 2,000,000 of these stock options vested immediately, while 6,000,000 stock options will vest one year from the date of grant. On March 26, 2021, the Company granted a total of 9,000,000 stock options to directors, officers, employees and consultants of the Company. These stock options are exercisable at \$0.15 per share and expire on March 26, 2026. A total of 4,300,000 of these stock options vested immediately, while 4,700,000 stock options will vest one year from the date of grant. Additionally, on April 15, 2021, the Company granted 1,000,000 stock options to an officer and a consultant of the Company. These stock options are exercisable at \$0.17 per share and expire on April 15, 2026. A total of 500,000 of these stock options vested immediately, while 500,000 stock options will vest one year from the date of grant.

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 14 to the annual consolidated financial statements for the years ended August 31, 2020 and 2019.

PROPOSED TRANSACTIONS

The Company periodically reviews potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. The Company continues to evaluate such opportunities.

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 Chief Executive Officer and President, Chief Financial Officer, Vice President, and Director. Compensation awarded to key management for the three and nine month periods ended May 31, 2021 and 2020 is set out in note 10 to the unaudited interim condensed consolidated financial statements.

The Company has management service agreements with each of its President and Chief Executive Officer, Vice President, Exploration, Vice President, Business Development and Chief Financial Officer which provide for a payment upon termination without cause. The President and Chief Executive Officer would be entitled to the greater of one month's compensation for each year of service or six month's compensation. With respect to the Vice President Exploration, Vice President Business Development and Chief Financial Officer, these payments are equivalent to three months' compensation for each of these individuals. The service agreements for the Vice President Business Development and Chief Financial Officer also provide that under certain conditions, including a change in control of the Company, that each of these individuals would be entitled to a lump sum payment equivalent to six months' compensation irrespective of whether their services were retained subsequent to the change in control.

CRITICAL ACCOUNTING ESTIMATES

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

Details with respect to critical accounting estimates, judgments and estimation uncertainties are disclosed in note 3 to the annual consolidated financial statements for the years ended August 31, 2020 and 2019.

NEW ACCOUNTING STANDARDS

New and revised accounting standards, the timing of their adoption and the impact of these new standards on the Company's financial statements is discussed in note 3 to the unaudited interim condensed consolidated financial statements for the three and nine month periods ended May 31, 2021 and 2020.

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, 2020 which is filed on SEDAR.

Global COVID-19 Pandemic

The outbreak of COVID-19 has 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 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. It is management's assumption that the Company will continue to operate as a going concern.

CORPORATE INFORMATION

Officers and Directors

- Kevin Tomlinson, B.Sc. (Hons.), M.Sc., FCISI – Chief Executive Officer, President and Director
- Stephen Hughes, B.Sc. (Hons.), APGNS (P. Geo.), FSEG – Vice-President, Exploration and Director
- Jeffrey Ackert, B.Sc. – Vice President, Business Development
- John McNeice, B. Comm. (Hons.), CA, CPA – Chief Financial Officer
- Alec Rowlands – Vice President, Investor Relations
- Chris Irwin, BA, LLB – 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

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Phone: (416) 572-2510

Independent Auditor

PricewaterhouseCoopers LLP, Ottawa, Canada

Corporate Legal Counsel

Irwin Lowy LLP, Toronto, Canada

Corporate Banker

The Bank of Nova Scotia, Ottawa, Canada and Kingston, Jamaica