

**C3 METALS INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Years Ended August 31, 2021 and 2020**  
**(Information as at December 15, 2021 unless otherwise noted)**



## **INTRODUCTION**

This management's discussion and analysis ("MD&A") provides results of operations and financial condition for the years ended August 31, 2021 and 2020. It was approved by the Board of Directors on December 15, 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"). On June 18, 2015, Miocene Resources Limited ("Miocene") completed a reverse takeover with Carube Resources Inc. ("CRI"). The Company's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol CCCM and on the OTCQB Venture Market under the symbol CUAUF.

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

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

## **FORWARD-LOOKING STATEMENTS**

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

its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. C3 Metals undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

## **QUALIFIED PERSON**

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

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

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

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

## **RECENT DEVELOPMENTS**

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

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

On January 5, 2021, the Company announced the appointment of Kevin Tomlinson to the position of President and Chief Executive Officer and as a director of the Company and Alec Rowlands as Vice

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

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

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

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

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

On July 13, 2021, the Company entered into a binding Heads of Agreement to acquire 100% of Hochschild Mining PLC's ("Hochschild") interest in the Jasperoide copper-gold project in Peru. This acquisition closed subsequent to year end on October 13, 2021. Consolidation of the ownership in Jasperoide was facilitated through an amendment of the original Master Agreement entered into by C3 Peru in 2017. The transaction, between C3 Peru and Compania Minera Ares S.A.C. ("Ares"), a wholly owned subsidiary of Hochschild provided for the payment to Hochschild of 25,001,540 common shares of the Company and the grant of a 1.5% NSR royalty ("NSR") in favour of Ares in respect of the Hochschild Jasperoide mineral concessions subject to the right of the Company to purchase 1% of the NSR (thereby reducing the NSR to 0.5%) for a price of US\$1,000,000 at any time, replacing the previously granted 1.5% net smelter returns royalty that had no buy back provision. The common shares issued are subject to contractual resale restrictions providing that the common shares may not be sold, transferred, optioned, encumbered,

pledged or hypothecated in any way, except as follows: (i) as to 25% on the date which is four months from the date of issuance; (ii) as to 25% on the date which is eight months from the date of issuance; and (iii) as to 50% on the date which is 12 months from the date of issuance.

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

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

## EXPLORATION PROJECTS, ACTIVITIES AND EXPENDITURES

### PERU – JASPEROIDE PROJECT

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

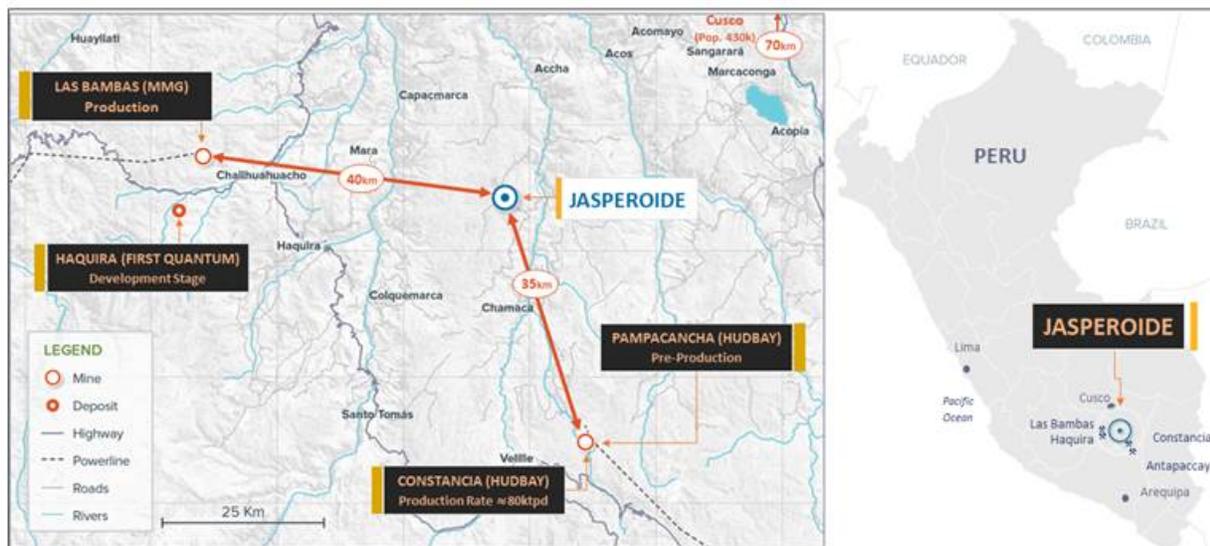


Figure 1 – Jasperoide Project location, southern Peru

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

The La Bruja Option Agreement between C3 Peru and Inversiones La Bruja S.A.C. ("La Bruja") provides for an option to earn a 100% interest in the equity shares of La Bruja subject to minimum cumulative exploration expenditures of US\$2,000,000 and total cash option payments of US\$2,000,000. As at August 31, 2021, cash option payments totaling US\$500,000 had been provided with a balance of US\$1,500,000 outstanding. During June 2020, amending agreements to adjust the timing of cash option payments and exploration expenditure requirements were concluded. Future anniversary payments due by August 31 each year are as follows: 2022 – US\$500,000; and, 2023 – US\$1,000,000. As at August 31, 2021, a total of US\$2,168,004 of cumulative exploration expenditures had been incurred exceeding the total minimum of US\$2,000,000 required prior to August 31, 2023. Following the earn-in of a 100% interest in the concessions a net smelter return ("NSR") royalty of 1.5% would be payable to the former shareholders of La Bruja.

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

### Exploration Activities

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

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

#### Montana de Cobre Zone

- Extensive 1.5 kilometres of strong copper and gold mineralization hosted in skarns
- Previous drilling intersected wide intervals of ore-grade copper-gold mineralization, which include:

- 185.2 metres at 1% Cu, 0.39 g/t Au in JADD11-03 (from 22 m);
- 114.9 metres at 0.97% Cu, 0.37 g/t Au in JADD12-03 (from 37.1 m);
- Proximal diorite porphyry shows endoskarn and phyllic alteration with porphyry B-type veining.
- Mineralization remains open in all directions

### Cresta Verde Zone

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

### Callejon de Oro Zone

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

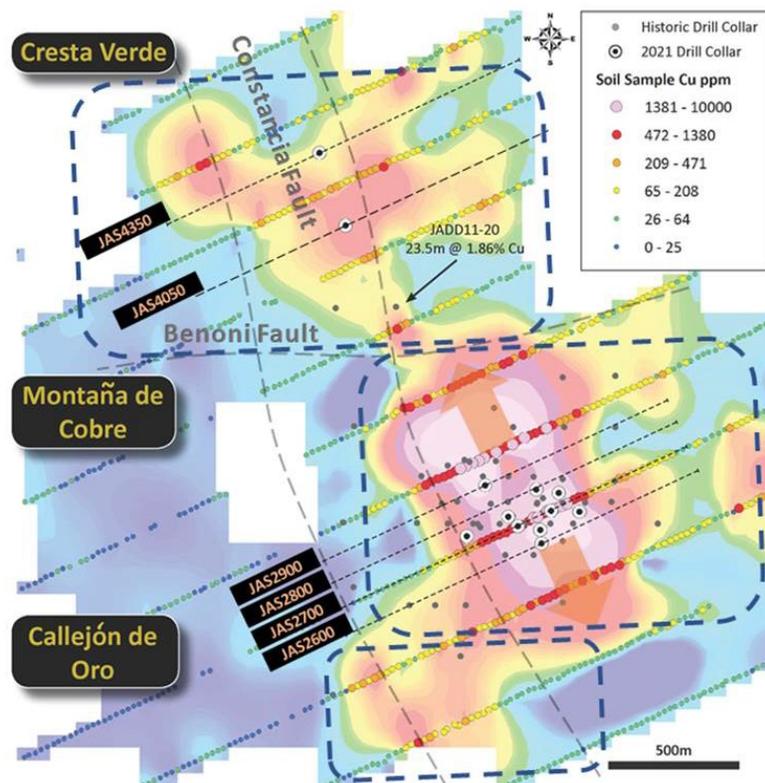


Figure 2 - Map showing three zones and copper in soil geochemistry

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

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

In February 2021, the Company initiated its Phase 1 drill program of 3,500 metres in 15 holes commencing at the Montana de Cobre Zone. In May, the Phase 1 drill program was expanded to 10,000 metres and was completed on October 31 with the drilling of 10,043.75 metres in 36 holes. Drilling confirmed a well-developed copper-gold oxide system at the Montana de Cobre Zone, which is laterally extensive for up to 500m and continuous for 300m along strike. Drilling encountered high-grade, skarn hosted copper-gold mineralization, including 229m @ 0.99% Cu and 0.43g/t Au – see Table 1 below for selected assay results. Numerous porphyry vectors have been identified at the Montana de Cobre Zone, including: 1) mineralized porphyry fragments; 2) telescoped high and low sulphidation epithermal veins; and 3) porphyry style veins.

<b>Table 1 – Phase 1 Drill Program – Montana de Cobre Zone - Selected Assay Results</b>							
<b>Hole</b>	<b>From</b>	<b>To</b>	<b>Length</b>	<b>Cu (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Mineralization Zone</b>
JAS2650-05	92.6	145.8	53.24	3.11	0.46	2.79	Skarn
Including	116.0	145.8	29.84	4.96	0.56	3.34	Skarn
Includes	128.0	145.1	17.10	6.69	0.59	3.71	Skarn
JAS2650-05	156.6	164.3	7.70	1.49	0.02	3.11	Skarn
JAS2650-05	178.0	195.0	17.00	2.10	0.61	4.79	Skarn
JAS2650-06	1.7	119.0	117.30	1.31	0.15	3.19	Skarn
Including	59.0	119.0	60.00	2.38	0.14	3.31	Skarn
Includes	77.0	115.5	38.50	3.50	0.12	4.32	Skarn
Includes	99.2	115.2	16.00	6.39	0.06	2.48	Skarn
JAS2650-07	79.0	122.0	43.00	1.67	0.14	1.90	Skarn
Including	103.9	122.0	18.10	3.72	0.02	2.76	Skarn
Includes	112.0	122.0	10.00	4.23	0.02	2.57	Skarn
JAS2650-03	70.4	124.4	54.05	1.17	0.45	1.86	Skarn
JAS2650-03	154.9	181.0	26.10	2.19	0.69	3.97	Skarn
JAS2700-02	68.44	168.25	99.81	0.90	0.34	2.30	Skarn
JAS2700-03	87.29	206.00	118.71	1.15	0.37	1.94	Skarn
Including	106.05	136.00	29.95	2.57	0.50	3.03	Skarn
JAS2700-07	85.85	129.30	43.45	2.21	0.49	3.27	Skarn
Includes	113.50	128.50	15.00	5.44	0.39	6.65	Skarn
JAS2700-08	21.30	108.60	87.30	0.97	0.35	1.90	Skarn

Table 1 – Phase 1 Drill Program – Montana de Cobre Zone - Selected Assay Results							
Hole	From	To	Length	Cu (%)	Au (g/t)	Ag (g/t)	Mineralization Zone
Includes	62.10	68.35	6.25	1.44	0.56	1.84	Skarn
Includes	83.79	108.60	24.81	2.00	0.61	2.10	Skarn
JAS2750-04	66.10	189.25	123.15	1.28	0.50	3.27	Skarn
JAS2750-05	0.45	229.90	229.45	0.99	0.43	2.34	Skarn
Includes	69.20	92.64	23.44	1.98	0.96	3.69	Skarn
Includes	130.40	210.40	80.00	1.89	0.78	4.15	Skarn
JAS2750-06	0.80	104.80	104.00	0.90	0.32	1.77	Skarn
JAS2750-07	1.50	107.60	106.10	0.99	0.28	2.74	Skarn

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

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

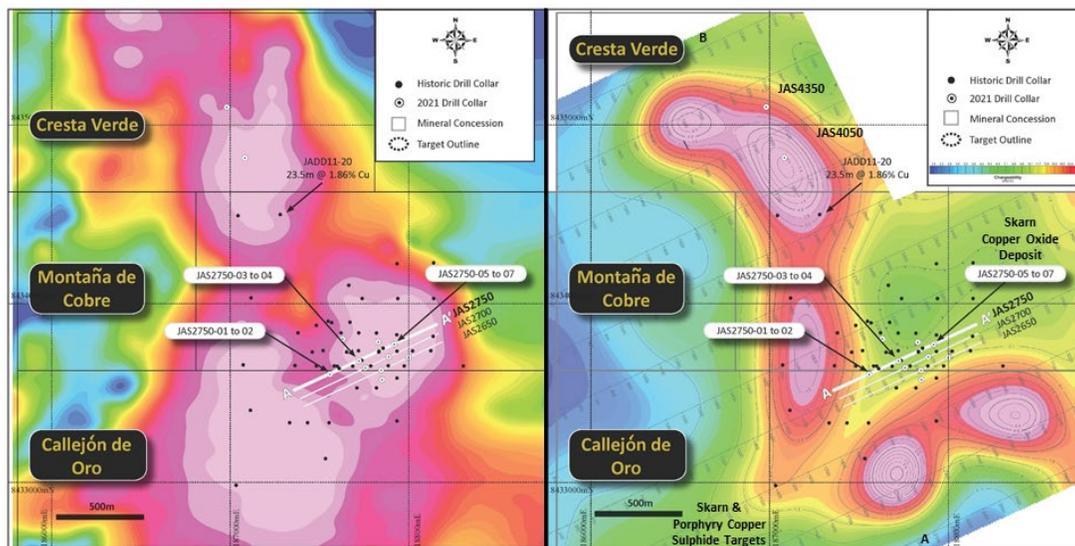


Figure 3 – Magnetics Analytical Signal Image (left); IP-Chargeability (right) over drill permit area.

The Company has now commenced its Phase 2 drill program that is planned to comprise up to 15,000 metres and focuses on all three zones, testing deeper sections of the hydrothermal system at the Montana de Cobre Zone and the Cresta Verde Zone. At the Montana de Cobre Zone, the Company is targeting

copper sulphide mineralization below the copper oxide skarn, which could potentially be hosted in an impure limestone, the same carbonate unit that is thought to host the Las Bambas deposit. An estimated 10 to 15 holes are planned to be drilled for up to 7,500 metres. The sulphide zone at the Cresta Verde zone will be tested at depth, exploring for potential high grade copper sulphide mineralization (bornite). A further 10-15 holes for 7,500 metres are planned for the Cresta Verde Zone. A CSAMT survey will also be undertaken to aid in further refining of the deeper drill targets.

### Acquisition 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 year ended August 31, 2021, additional concession fees of \$172,654 were incurred and the La Bruja cash option payment of \$408,321 (US\$320,000) was paid. As at August 31, 2021, the carrying value of the Jasperoide Project was \$8,137,689. Subsequent to year-end, the Company acquired 100% of Hochschild's interest in the Jasperoide Project through the issuance of 25,001,540 common shares of the Company valued at \$5,100,314 and the grant of a 1.5% NSR.

### Exploration Expenditures

During the year ended August 31, 2021, the Company incurred a total of \$5,395,307 with respect to Jasperoide Project exploration costs. Components of total costs comprised: \$1,142,045 relating to geology; \$276,897 related to geophysics; \$2,466,641 related to drilling, assay, costs for COVID-19 readiness and protocols and camp construction; \$60,124 related to environmental costs; \$623,774 related to community and social development; \$137,666 related to health and safety costs; and, \$688,160 related to Peruvian IVA tax on these expenditures. As at August 31, 2021, the carrying value of the Jasperoide Project deferred exploration expenditures totals \$5,498,368.

### JAMAICA

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

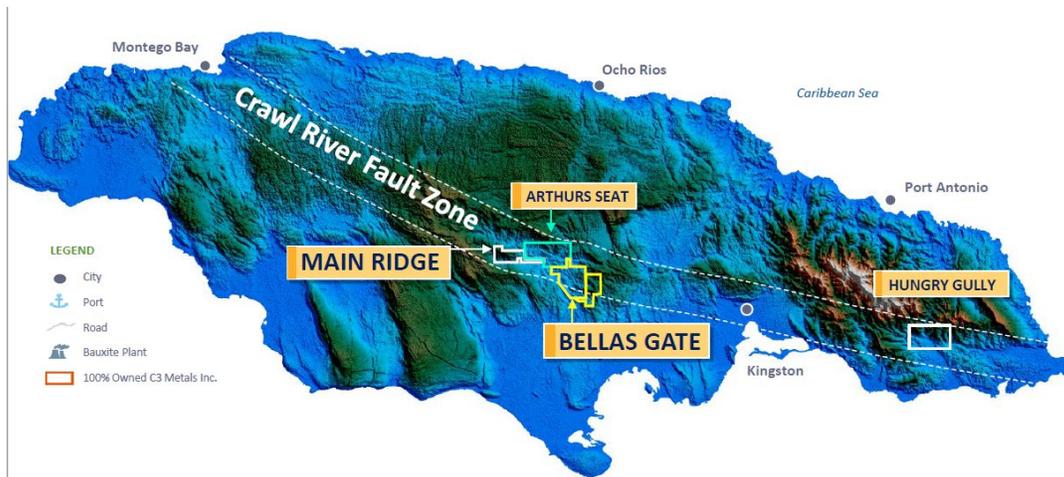


Figure 4 - C3 Metals' mineral properties in Jamaica

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

### Exploration Activities

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

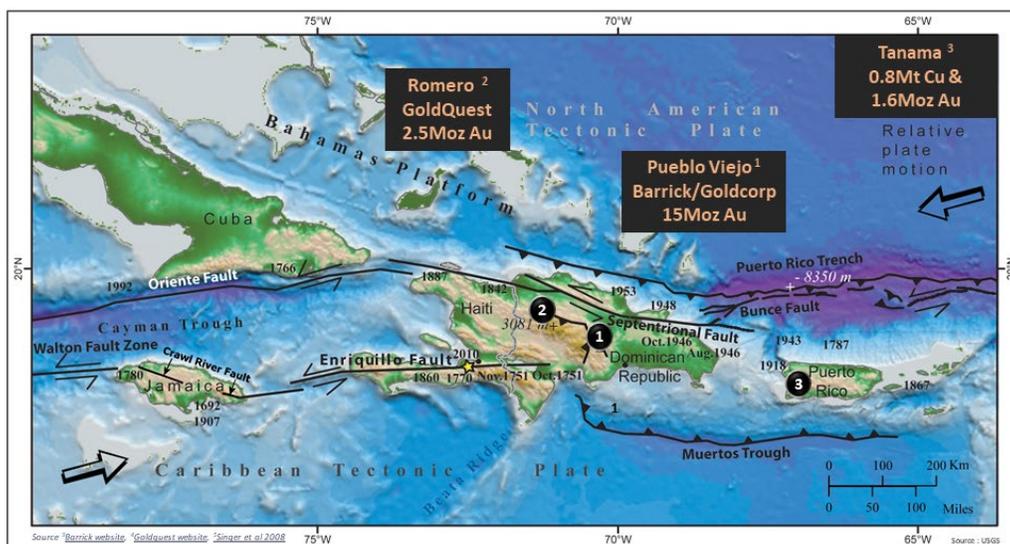


Figure 5 - Plate tectonic setting of Jamaica, showing nearby copper-gold deposits

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

### **Bellas Gate Project**

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

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

### **Main Ridge**

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

Two highly prospective targets at Main Ridge, including:

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

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

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

During January 2019, the Company announced assay results from soil and rock sampling over the eastern area of the Main Ridge project. The mapping and prospecting, grid-based soil sampling program and follow-up rock channel sampling have identified high-grade copper-silver mineralization along the Rio

Minho Valley, located northeast of and parallel to the Bennet Gold Zone. Highlights of rock channels include:

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

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

### **Hungry Gully**

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

### **Arthurs Seat**

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

### **Acquisition Costs**

As at August 31, 2021, the Company had a capitalized balance of \$1,738,909 (August 31, 2020 - \$1,734,520) with respect to property costs for the Bellas Gate Project and \$997,683 (August 31, 2020 - \$869,683) for the other Jamaica licenses. During the year ended August 31, 2021, licence renewal fees were \$553; cash of \$93,497 and common shares valued at \$29,840 were paid to Rodinia for the royalty purchase.

### **Exploration Expenditures**

As at August 31, 2021, exploration expenditures incurred directly by the Company for the Bellas Gate Project have a total carrying value of \$4,160,598 (August 31, 2020 - \$4,184,863). These costs are comprised of the Company's direct exploration expenditures. Costs incurred by the Company during the year ended August 31, 2021 total \$118,330 and are related to geology costs of \$81,223, drilling related costs of \$30,114, environmental costs of \$1,402, community and social development costs of \$1,797, and health and safety costs of \$3,794.

As at August 31, 2021, the carrying value of exploration costs for the other Jamaica licenses total \$790,561 (August 31, 2020 - \$623,335). During the year ended August 31, 2021, the Company incurred total costs of \$213,582 primarily at Main Ridge. These costs related primarily to geological field work for \$208,693 and geochemistry related to rock sampling for \$1,928.

## CANADIAN PROJECTS

### British Columbia

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

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

### Nova Scotia

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

## SELECTED ANNUAL INFORMATION

The following tables contain selected annual financial information for the fiscal years ended August 31, 2021, 2020 and 2019.

	Year Ended August 31, 2021	Year Ended August 31, 2020	Year Ended August 31, 2019
	\$	\$	\$
Revenue	Nil	Nil	Nil
Total expenses	(6,226,968)	(958,983)	(2,265,491)
Other income (expense)	699,500	196,660	(5,654)
Net loss for the year	(5,527,468)	(762,323)	(2,271,145)
Basic and diluted loss per common share	(0.01)	(0.00)	(0.01)
Cash dividend per common share	Nil	Nil	Nil

## OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

### RESULTS OF OPERATIONS

#### Expenses

For the year ended August 31, 2021, total expenses before interest, other income and foreign exchange loss were \$6,226,968 and were comprised of: \$325,260 related to promotion and investor relations; \$93,935 related to regulatory authority and transfer agent fees; \$170,137 with respect to professional fees for legal, accounting and audit services; \$1,185,001 with respect to office, general and administrative costs; \$4,752 with respect to project generation and evaluation; \$1,368,712 with respect to non-cash share based compensation expense for stock options and restricted share units; and, \$3,079,171 related to impairment of mineral exploration property and deferred exploration expenditures related to the Rogers Creek and Mackenzie, British Columbia and Stewart Brook Gold, Nova Scotia projects.

Total expenses, before other income and expenses were \$5,267,985 higher during fiscal 2021 when compared to fiscal 2020. Promotion and investor relations costs were higher by \$231,856. Increased costs related to ongoing and new promotional campaigns 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 \$63,543 higher related to increased TSX-V filing fees and to costs associated with the addition of an OTC Markets listing in the United States. Professional fee expenses were higher by \$48,044 primarily related to higher legal costs in Peru and to higher audit and accounting costs. Office, general and administrative costs were significantly higher by \$715,826. 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. Senior management time shifted from project related activities in the prior year to general administration. Additionally, costs for telecommunication, internet and insurance were higher due to expanded activity. Project generation and evaluation costs were lower by \$212,775 during fiscal 2021. Following the acquisition of the Jasperoide Project in mid fiscal 2020 the Company's focus has been on exploration and operations for existing projects. Share based compensation expenses were significantly higher by \$1,342,320 as the Company recorded non-cash charges related to both stock options granted in 2021 and to restricted share units granted during January of 2021. During fiscal 2021, the Company recorded impairment charges totaling \$3,079,171 related to the Rogers Creek and Mackenzie projects in British Columbia and the Stewart Brook project in Nova Scotia.

#### Other Income and Expense

Other income and expenses during the year ended August 31, 2021 totaled a net income amount of \$699,500. Interest income on cash balances during fiscal 2021 was \$22,821. A gain on the Tocvan marketable securities of \$744,684 was recorded during fiscal 2021. During fiscal 2021, the Company sold 586,900 Tocvan common shares realizing cash proceeds of \$816,381. A foreign exchange loss of \$68,005 was also recorded during fiscal 2021.

## Net Loss and Loss per Common Share

For the year ended August 31, 2021, net loss was \$5,527,468 (fiscal 2020 – \$762,323). Basic and diluted loss per common share was \$0.01 (fiscal 2020 – \$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 years presented.

## Other Comprehensive Loss

Upon consolidation, the financial statements of the Jamaican subsidiaries (CRJL and RJL) and Peruvian subsidiary (C3 Peru) are translated into Canadian dollars as follows: assets and liabilities - at the closing rate at the date of the statement of financial position, and income and expenses - at the average rate for the period. All resulting foreign exchange translation adjustments are recognized in other comprehensive loss. During the year ended August 31, 2021 a foreign currency translation loss of \$539,670 (fiscal 2020 – \$442,241) was recorded in other comprehensive loss.

## SUMMARY OF INTERIM FINANCIAL INFORMATION AND FOURTH QUARTER EVENTS

The following table contains select financial information for each of the Company's eight most recently completed quarters.

C\$	Fiscal 2021				Fiscal 2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Expenses</b>								
Promotion and investor relations	56,221	96,119	82,476	90,444	12,691	36,700	16,975	27,038
Regulatory	6,271	8,173	38,279	41,212	4,857	7,285	11,890	6,360
Professional Fees	22,192	32,751	45,458	69,736	16,289	44,535	31,953	29,316
G&A	238,964	313,829	312,303	319,905	91,345	132,238	101,733	148,859
Project evaluation	1,412	Nil	2,805	535	157,998	51,737	3,060	4,732
Share based compensation	Nil	281,300	785,988	301,424	7,198	7,198	7,198	4,798
Exploration expenditures and property impairment	Nil	Nil	39,797	3,039,734	Nil	Nil	Nil	Nil
Other expenses (income) total	(48,956)	(296,086)	(348,425)	(6,033)	(31,969)	(25,759)	(111)	(138,821)
<b>Net loss</b>	<b>276,104</b>	<b>436,086</b>	<b>958,681</b>	<b>3,856,597</b>	<b>258,409</b>	<b>253,934</b>	<b>172,698</b>	<b>77,282</b>
Loss per common share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Share based compensation expenses were higher during the second, third and fourth quarters of fiscal 2021 related to charges for new stock options and RSUs granted during January, March and April of 2021. During the third quarter of fiscal 2021, the Company recorded an impairment charge with respect to the Stewart Brook, Nova Scotia project. During the fourth quarter of fiscal 2021, the Company recorded an impairment charge related to the Rogers Creek and Mackenzie, British Columbia projects.

Other income and expenses during the year ended August 31, 2021 included total gains of \$744,684 on the Tocvan marketable securities with significant portions of this gain occurring in the second and third quarters of fiscal 2021. During the fourth quarter of fiscal 2020, the Company realized a gain on the sale of acquired drilling equipment of \$101,740.

There were no significant unusual fourth quarter events during either fiscal 2021 or 2020.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at August 31, 2021, the Company held cash and cash equivalents of \$5,846,804 (August 31, 2020 – \$3,235,301) and had working capital of \$5,128,807 (August 31, 2020 – \$3,104,258). The Company has financed its operations primarily with equity financing.

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

During May through July 2021, the Company sold 586,900 Tocvan common shares realizing cash proceeds of \$816,381. As at August 31, 2021, the Company held 113,100 Tocvan shares valued at \$127,803. Subsequent to year end, the Company received 500,000 additional Tocvan common shares in connection with the purchase and sale agreement for the Rogers Creek project.

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 the balance of 2021 and during 2022, the Company will require additional funding to be able to acquire, advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on its ability to raise required financing whether through equity or debt financing; through joint ventures; the generation of profits from operations; or, the sale of property assets in the future.

### Contractual Obligations

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

### OUTSTANDING SHARE DATA

Information with respect to outstanding common shares, warrants, broker warrants, stock options, restricted share units and deferred share units as at December 15, 2021, August 31, 2021 and 2020 is as follows:

	December 15, 2021	August 31, 2021	August 31, 2020
Common shares	587,190,221	460,182,703	375,168,311
Warrants	5,200,000	5,200,000	29,229,750
Broker warrants	11,592,531	6,000,300	2,752,200
Stock options	38,345,000	38,345,000	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	645,379,446	512,779,697	437,406,955

On December 3, 2021, a total of 423,800 broker warrants were exercised for proceeds of \$21,190.

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

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. Additionally on January 5, 2021, 1,500,000 RSUs were granted to a director of the Company with a one-year vesting period. 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 13 to the annual consolidated financial statements for the years ended August 31, 2021 and 2020.

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

The Company has contracts for management and geological services with its officers, directors and companies controlled by its officers and directors. Key management includes all persons named or performing the duties of CEO, CFO, Vice President, and Director. Compensation awarded to key management for the fiscal years ended August 31, 2021 and 2020 is set out in note 12 to the annual consolidated financial statements.

#### **CRITICAL ACCOUNTING ESTIMATES**

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

the valuation of equity instruments including warrants, compensation options and stock options; and, the ability of the Company to continue as a going concern.

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

## **NEW ACCOUNTING STANDARDS**

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

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

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

## **RISKS AND UNCERTAINTIES**

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business. The following factors should be considered.

### **Exploration Stage Company**

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits, with the discovery of copper and gold deposits being the Company's focus. The Company's property interests are in the exploration stage only and are without a known economic mineral deposit. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic mineral deposit, which itself is subject to numerous risk factors. Further, there can be no assurance, even if an economic deposit of minerals is located, that the deposit can be commercially mined. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time with which even a combination of careful evaluation, experience and knowledge of management may not eliminate. While discovery of additional ore-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current business relationships or exploration programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of

exploration programs on its properties which may be affected by a number of factors. Substantial expenditures are required to establish reserves which are sufficient to commercially mine and to construct, complete and install mining and processing facilities in those properties that are actually mined and developed.

### **Economic Risk**

The prices of copper, gold, silver and other metals fluctuate. The future direction of the price of any metal or mineral will depend on numerous factors beyond the Company's control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of commodities, and therefore on the economic viability of the Company's properties, cannot accurately be predicted. As the Company is only at the exploration stage, it is not yet possible for it to adopt specific strategies for controlling the impact of fluctuations in the price of the commodities for which it explores.

### **Management; Dependence on Key Personnel, Contractors and Service Providers**

Shareholders of the Company rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

### **Industry Conditions**

The exploration and development of mineral deposits involve significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves, to develop processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and development programs planned by the Company or its joint venture partners will result in a profitable commercial operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as commodity prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. The Company's operations will be subject to all the hazards and risks normally encountered in the exploration and development of minerals, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of mines

and other producing facilities, damage to life or property, environmental damage and possible legal liability.

### **Value of Common Shares**

The value of the Company's common shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

### **Competition**

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other interests, many of which have greater financial resources than it has, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

### **Additional Funding and Financing Risk**

Additional funds will be required for future exploration and development. The source of future funds available to the Company is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.

### **Environmental Risk**

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The Company has not been subject to any adverse consequences of such developments to date. There can be no assurance that future changes to environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests that have been caused by previous or existing owners or operators.

### **Title to Property**

Although the Company has taken reasonable measures to ensure proper title to its property mineral rights, there is no guarantee that the mineral rights to all of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests.

## Uninsured Hazards

The Company may not always be able or may choose not to obtain insurance for many of the risks that it faces. In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in an increase in costs and a decline in the value of the Company's securities. The Company is currently not insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. Given the Company remains in the exploration stage its exposure to environmental risks is considered to be limited. The Company may periodically evaluate the cost and coverage of the insurance that is available against certain environmental risks to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate the Company's available funds or could exceed the available funds that the Company has and result in bankruptcy. Should the Company be unable to fully fund the remedial cost of an environmental problem, it might be required to enter into interim compliance measures pending completion of the required remedy.

## Conflicts of Interest

Certain directors and officers of the Company also serve as directors or officers of other companies involved in natural resource exploration, development and production. Consequently, there exists the possibility that such directors will be in a position of conflict of interest. Any decision made by such directors involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a material conflict of interest.

## Foreign Political Risk

The Company's properties or business operations may be exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of governmental orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on foreign ownership, inability to obtain or delays in obtaining necessary exploration or mining permits, opposition to exploration and mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as bylaws and policies of Canada affecting foreign trade, investment and taxation.

## Repatriation of Earnings

There is no assurance that any countries, other than Canada, in which the Company carries on business or may carry on business in the future, will not impose restrictions on the repatriation of earnings to foreign entities.

## Permits, Licences and Approvals

The operations of the Company may require licences and permits from various governmental authorities or permits from surface right landowners. The Company believes it holds or is in the process of obtaining all necessary licences and permits to carry on the activities which it is currently conducting under applicable laws and regulations. Such licences and permits are subject to changes in regulations and in various operating circumstances. There can be no guarantee that the Company will be able to obtain all necessary licences and permits that may be required to maintain its exploration activities, construct mines or other facilities and commence operations of any of their exploration properties. In addition, if the Company proceeds to production on any exploration property, it must obtain and comply with permits and licences which may contain specific conditions concerning operating procedures, water use, the discharge of various materials into or on land, air or water, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to obtain such permits and licences or that it will be able to comply with any such conditions.

## Community Risks

In addition to mineral tenure and environmental permitting, the Company attempts to engage local communities where it explores. Communities may respond differently to exploration and mineral development activities from region to region. Increasingly the exploration sector is required to engage in social contracts with local residents, communities and surface landowners. Factors affecting social acceptance of exploration are variable and can be unpredictable over time. Local opinions can change rapidly about exploration activities and opinions may not be related to the activity of the Company although its ability to enter an area and conduct its programs may be affected by shifts in perception.

## Regulatory Matters

The Company's business is subject to various federal, provincial and local laws governing prospecting and development, taxes, labour standards and occupational health, mine safety, toxic substances, environmental protection and other matters. Exploration and development are also subject to various federal, provincial, state and local laws and regulations relating to the protection of the environment. These laws impose high standards on the mining industry to monitor the discharge of waste water and report the results of such monitoring to regulatory authorities, to reduce or eliminate certain effects on or into land, water or air, to progressively rehabilitate mine properties, to manage hazardous wastes and materials and to reduce the risk of worker accidents. A violation of these laws may result in the imposition of substantial fines and other penalties.

## Mineral Price Fluctuations

The marketability of any mineral is subject to numerous factors beyond the control of the Company. The price of minerals can experience volatile and significant movements over short periods of time. Factors impacting price include, but are not limited to, demand for the particular mineral, political and economic conditions and production levels and costs of production in other areas or countries.

## Global COVID-19 Pandemic

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

## CORPORATE INFORMATION

### Officers and Directors

- Kevin Tomlinson, B.Sc. (Hons.), M.Sc., FCISI – Chief Executive Officer, President and Director
- John McNeice, B. Comm. (Hons.), CA, CPA – Chief Financial Officer
- Stephen Hughes, B.Sc. (Hons.), APGNS (P. Geo.), FSEG – Vice President, Exploration and Director
- Jeffrey Ackert, B.Sc. – Vice President, Business Development
- Alec Rowlands – Vice President, Investor Relations
- Charlotte May – Corporate Secretary
- Kimberly Ann Arntson – Director
- Antony Manini, B.Sc., FAusIMM, FSEG – Director and Executive Chairman of the Board
- Zimi Meka, B. Eng. (Mech) Hons, FAusIMM, MAICD, FIEAust – Director
- Fernando Pickmann, LL.M. – Director
- Yale Simpson, BApSc. – Director

### Corporate Web-site

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### Independent Auditor

PricewaterhouseCoopers LLP, Ottawa, Canada

### Corporate Legal Counsel

Irwin Lowy LLP, Toronto, Canada

