

Report Pursuant to National Instrument 62-103

Section 102 of the Securities Act (Ontario) Section 5.2 of Multilateral Instrument 62-104

This report is made pursuant to the provisions of the securities legislation referred to above in connection with certain acquisitions of securities of CMC Metals Ltd. (the "Company").

1. Name and address of Offeror.

Michael C. Scholz (the "Offeror") Suite 605, 369 Terminal Avenue, Vancouver, British Columbia V6A 4C4

2. Designation and number or principal amount of securities and the Offeror's security holding percentage in the class of securities of which the Offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file the news release, and whether it was ownership or control that was acquired in those circumstances.

On November 21, 2019, the Offeror announced that he was issued 15,588,210 common shares of the Company at \$0.07 per share pursuant to a share issuance obligation of the Company to the Offeror stemming from a shares for debt settlement, of which 13,100,000 common shares were issued directly into the Offeror's name, and 2,488,210 were issued in the name of a corporation to which he is the sole director and officer, named 369 Terminal Holdings Ltd., which share issuance received TSX Venture Exchange approval by bulletin dated November 14, 2019. There is no change in control pursuant to the transaction.

3. Designation and number or principal amount of securities and the Offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the obligation to file the news release.

Upon completion of the issuance of the Shares described above, the Offeror directly and indirectly owns and controls an aggregate of 22,417,039 common shares, representing approximately 45.62% of the issued and outstanding common shares of the Company.

4. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph 3 over which:

(a) the Offeror, either alone or together with any joint actors, has ownership and control;

See 3 above.

(b) the Offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Offeror or any joint actor; and

Nil

(c) the Offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership

Nil

5. The name of the market where the transaction or occurrence that gave rise to the news release took place.

The acquisition of the Shares took place pursuant to a shares for debt settlement. The Company's securities are listed on the TSX Venture Exchange.

5.1 The value, in Canadian dollars, of any consideration offered per security if the Offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file the news release.

The Offeror acquired the Shares for the issuance price of Cdn\$0.07 per share.

6. The purpose of the Offeror and any joint actors in effecting the transaction or occurrence that gave rise to the news release, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer.

The acquisition of the Shares by the Offeror was effected pursuant to an obligation to issue shares stemming from a shares for debt settlement between the Offeror and the Company. The Offeror may from time to time acquire additional securities of the Company, dispose of some or all of the existing or additional securities he holds or will hold, or may continue to hold his current position.

7. The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the Offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the news release, including agreements with respect to the acquisition, holding, or disposition or voting of any of the securities.

The Shares were acquired by the Offeror pursuant to a shares for debt settlement. The Offeror has not entered into any other agreement containing any covenants with respect to the holding, or disposition or voting of any of the Company's securities.

8. Names of joint actors in connection with the disclosure required by this Appendix.

Nil

9. In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the Offeror.

The Shares were acquired by the Offeror in settlement of \$1,091,174.66 worth of debt owed to the Offeror by the Company, directly and indirectly.

- 10. If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements of Part 4 in respect of the reporting issuer's securities.**

Not applicable.

- 11. If applicable, a description of the exemption from securities legislation being relied on by the Offeror and the facts supporting that reliance.**

Section 2.14 – Securities for Debt, of National Instrument 45-106 of the Canadian Securities Administrators.

DATED this 21st day of November, 2019.

“Michael C. Scholz”

MICHAEL C. SCHOLZ