

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

***General***

The following Management Discussion and Analysis (“MD&A”) of Financial Condition and Results of Operations, prepared August 29, 2023, should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the period ended June 30, 2023 and related notes included in this report. These statements often can be identified by the use of terms such as "may," "will," "expect," "believes," "anticipate," "estimate," or "continue," or the negative thereof. The Company intends that such forward-looking statements be subject to the safe harbours for such statements. The Company wishes to caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Any forward-looking statements represent management's best judgement as to risks, uncertainties and important factors beyond the control of the Company that could cause actual results and events to differ materially from historical results of operations and events from those presently anticipated or projected. The Company disclaims any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

The Company’s shares are listed on the TSX Venture Exchange (the “Exchange”) under the symbol “CMB”. Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.cmcmetals.ca](http://www.cmcmetals.ca).

***Description of Business***

The Company was incorporated under the laws of the Province of Alberta on June 21, 1996 and continued into the Province of British Columbia and changed its name to CMC Metals Ltd. from Bellevue Capital Corp., on July 4, 2005. The Company was extra-territorially registered in the Yukon on September 14, 2005, and Newfoundland and Labrador on April 1, 2021.

On April 7, 2010, the Company incorporated a wholly-owned subsidiary, 0877887 B.C. Ltd. (“0877887 B.C.”), under the Business Corporations Act of British Columbia. On April 12, 2012, the Company incorporated in the state of California, a 100% wholly-owned subsidiary, CMC Metals Corp.

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries 0877887 B.C Ltd. and CMC Metals Corp.

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The condensed interim consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The continuing operations of the Company are dependent upon its ability to obtain continued financial support, raise adequate financing and to fund profitable operations in the future.

The Company’s business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia’s military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts, of the pandemic and the war in the Ukraine, to be limited, the indirect

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

impacts on the economy and on the mining industry and other industries in general could negatively affect the business.

The Company was also approved for trading on the OTCQB Venture Market, operated by the OTC Markets Group, New York. The Company commenced trading on the OTCQB at the open of market on August 11<sup>th</sup>, 2022, under the symbol CMCXF.

**Discussion of Operations and Financial Condition**

**Operations Summary**

The Rancheria Silver District is located approximately 300 kilometers east of Whitehorse, Yukon in a 130 km long by 50 km wide belt that straddles the Yukon and British Columbia border. CMC has been actively exploring the northern end of this silver district at its Silver Hart and Blue Heaven properties and from those efforts has identified successful exploration strategies and knowledge of the district.

As a result of successful exploration efforts on the Silver Hart claims, in 2020 CMC initially acquired the Blue Heaven property and subsequently also optioned properties in the south-central portion of the Rancheria district including the Silverknife, Amy and Rancheria South claims (tenures).

Exploration in 2021 on the Silver Hart project yielding highly positive exploration results and identifying major targets for carbonate replacement (“CRD”) style deposits similar to the Silvertip mine located immediately adjacent to the Silverknife property. The results of exploration in 2022 on the Silver Hart project is currently awaiting drill and assay results so a complete analysis is still pending at the time of this report.

In 2020 the Company ventured into the Newfoundland area with the intention of identifying properties with known mineralization, identified potential for base and precious metal mineralization, road accessible and that could be acquired under reasonable terms. Recently Newfoundland has been viewed as one of the top gold exploration jurisdictions in the world arising from the significant discoveries at Newfound Gold’s Queensway Project. Bridal Veil is located a mere 15 kilometers east of the Queensway project and was identified by the Newfoundland Geological Survey as having the potential to host orogenic gold. CMC subsequently optioned the property from a group of prospectors and to date has identified several gold in soil/till anomalies on the property. The property is transected by the Trans Canada Highway, numerous roads and the former Newfoundland railway bed. CMC also optioned the Rodney Pond and Terra Nova properties both of which had identified copper-silver polymetallic showings.

Newfoundland also offers the opportunity to explore up to 9-10 months of the year adding more year-round seasonality to the Company’s exploration portfolio. In 2022, the Terra Nova property was optioned to Highbank Resources Ltd. (“Highbank”), giving Highbank the ability to earn up to 80% in the property.

In summary, the Company has divided all of the projects into four project categories which will now be further described:

1. The Rancheria Silver District Project where the Company is exploring for high grade silver-lead zinc carbonate replacement style (“CRD”) deposits, skarn, and vein mineralization
  - Yukon Projects (including the Silver Hart, Blue Heaven – advanced-stage)
  - British Columbia Projects (including the Amy and Silverknife claims)

## CMC METALS LTD.

### MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)

Nine months ended June 30, 2023

(Expressed in Canadian dollars)

---

2. The Central Newfoundland Projects (including Bridal Veil, Terra Nova and Rodney Pond claims) where the Company is exploring for high grade copper-silver-lead polymetallic deposits;
3. The Logjam Property (Yukon) which is a gold-silver project with very high grades in rock samples and within two adits, potentially related to a significant porphyry system, but to date has not been explored by the Company; and
4. The Bishop Mill in California which is 100% owned by the Company’s subsidiary, 0877887 B.C Ltd.

1. *Exploring for High Grade Silver-Lead-Zinc Vein and CRD Deposits in The Rancheria Silver District (Yukon and north-central British Columbia)*

#### **Silver Hart Project (Silver Hart and Blue Heaven Claims), Yukon:**

The Silver Hart Project is located approximately 132 km west of Watson Lake. It is accessed via a 43 kilometer gravel road that extends northwards to the property (commonly referred to as the Silver Hart access road), 2 kilometers west of the Continental Divide Lodge on the Yukon-Alaska Highway.

The project comprises of two property claim blocks namely (i) the Silver Hart claims which cover 2,200 hectares with 116 contiguous full and partial claims; and (ii) the Blue Heaven claims which cover 1,975 hectares with 118 contiguous full and partial claims. The Blue Heaven property adjoins the Silver Hart claims and was optioned from Strategic Metals Ltd. on June 1, 2020.

Silver Hart was initially explored in the mid 1980’s. The Company has 100% owned the Silver Hart Project since 2005 and has conducted drill programs in 2010, 2015, 2017, 2019, 2021 and 2022. Until 2022, all of the exploration at Silver Hart by previous exploration companies and CMC focussed on exploration of several high-grade silver-lead-zinc veins which have varying strike lengths from 250 meters up to 1.4 kilometers, occur at surface and have been drilled tested to depths in excess of 100 meters. Systematic exploration of the Silver Hart Property as a whole was initiated in 2020 and comprised of property-wide prospecting, sampling of newly identified mineralized showings, geochemical sampling, and some geological mapping with the aim to better identify the full potential of the property. These efforts identified several new areas of interest and as a result the Company decided to conduct an airborne SkyTem survey in March 2021 covering all of the Silver Hart and Blue Heaven claims and at the same time covered all of the Company’s properties held within the Rancheria Silver District.

At Silver Hart/Blue Heaven, the SkyTem survey identified several significant anomalous areas and from that the Company has initiated further exploration efforts with the overall aim to explore each area of potential exploration interest in the next 3-5 years. This is considered a reasonable exploration objective for the property areas considering the high number and aerial extent of the anomalies to be investigated. Since 2021 the Company has also decided to pursue skarn and carbonate replacement style targets that were always thought to exist in the area but had never been pursued. These targets to be of significance versus the high-grade vein deposits as they hold the potential to be larger deposits and therefore if found could significantly expand the known resources at Silver Hart.

In 2022, the Company launched its largest exploration effort to date on the Silver Hart Project. It completed 4,403.98 meters of drilling, conducted an extensive trenching and geochemical sampling program, and initiated exploration on its Blue Heaven claims.

Approximately 25 holes were completed in the 2022 drill campaign and covered two significant targets with conductivity anomalies, (referred to as T1 and T4), and explored an area of dimension 900 metres by 500 metres comprising of carbonate-sediment-skarn sequences and areas with known manto-style alteration evident in surface

## **CMC METALS LTD.**

### **MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**

**Nine months ended June 30, 2023**

(Expressed in Canadian dollars)

---

outcrops or exposed through trenching. The Company submitted over 600 drill core samples, in excess of 400 soil samples, and over 375 rock samples for assay testing. The results from these assays are yet to be fully received and the Company at time of this reporting is still awaiting additional assays and reviewing the data currently received.

The “carbonate belt” that was partially explored by drilling in 2022, is identified as having a strike length of in excess of 4 kilometers extending from the Main Zone at Silver Hart southeastwards onto the Blue Heaven Property. The area explored in 2022 was immediately west and adjacent to the northern part of the Main Zone high grade veins. This belt is yet to be explored extensively but is known to hosts numerous mineralized occurrences that merit further exploration. The primary targets in this belt are skarn and carbonate replacement style mineralization though there are also known high-grade veins located within or in close proximity to the carbonate belt. In 2023 the Company will be focussing its efforts on how to best evaluate such a large area of prospectivity with the aim to identify drill targets other than within the Main Zone vein system for 2024 and beyond.

To support its exploration programs, the Company purchased an excavator which resulted in significant cost savings in activities such as site reclamation and trenching activities. The Company conducts progressive reclamation of its sites and since 2020 has also been reclaiming and cleaning up historical work areas at Silver Hart to meet and/or exceed its commitments denoted in its reclamation and closure plan and as a part of our site security agreement with the Government of Yukon. The Company has also used local First Nations contractors to complete these work activities and hired local workers to make ongoing improvements to its camp and related infrastructure which can accommodate up to 25 persons. The Company is committed to maximize benefits to local First Nations communities, wherever practical, possible, and feasible.

As of June 30, 2023 the Silver Hart claims remain in good standing and there are no outstanding debts. The Company renegotiated a security agreement held by Yukon for reclamation of the site and as standard procedures under the Yukon Quartz Mining Act.

#### **Blue Heaven Claims, Yukon**

As previously noted, the Blue Heaven claims lie immediately adjacent to the southeast of the Silver Hart claims and are deemed a part of the “Silver Hart” project. The Blue Heaven claims cover part of the Cassiar Batholith, a satellite plug and surrounding calcareous and non- calcareous sediments which are thought to be a multi-kilometer extension of the same geological units at Silver Hart. Past exploration efforts within Blue Heaven have served to identify 16 mineralized zones comprising of high- grade silver-lead-zinc veins, silver-lead-zinc carbonate replacement (“CRD”) occurrences and tungsten +/- copper skarns.

A 1999 bulk sample of hand sorted material from excavations on two of the vein zones produced 51.47 dry tonnes grading 8,563 g/t silver, 56.2% lead, 9.5% zinc and 1.2 g/t gold.

As previously noted, the CRD target zones are found within a 200- to 500-meter-thick section of calcareous meta-sediments that extend for at least four kilometers into the Blue Heaven property from Silver Hart and that have an associated strong lead and zinc anomalous geochemical response throughout most of the belt.

2022 was the first year the Company conducted exploration on the Blue Heaven claims. A limited trenching and geochemical rock sampling program was undertaken and results of those efforts are pending assays yet to be received at the time of this report. The Company intends to conduct a greater evaluation of the known mineral occurrences on this property in 2023 with the aim to identify drill targets for 2024 and beyond. The Company is fully up-to-date with property payments to Strategic Metals Ltd and will be entering year 3 of that agreement this year.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

In summary, the potential for high grade silver-lead-zinc carbonate replacement (“CRD”), skarn and vein deposits at Silver Hart and Blue Heaven are thought to be comparable in terms of age of deposition, geological setting, mineralization style, and other geological feature to the highly productive silver belts such as the Coeur d’Alene, Idaho and in northern Mexico. Carbonate hosted deposits are important and highly valuable sources of silver, lead, zinc and other minerals, and typically comprise of large ore bodies found in clusters. These deposits along with the high-grade veins will remain the focus of exploration efforts at the Silver Hart/Blue Heaven project.

**CRD Silver-Lead-Zinc Targets in British Columbia**

CMC optioned three properties in north-central British Columbia immediately south of the Yukon-BC border which included the Amy; Silverknife, and Rancheria tenures. A preliminary field review of the Rancheria South tenures resulted in a decision in 2022 to not continue the option of that property.

With the Silverknife and Amy tenures, the Company still holds in excess of 2,000 hectares of highly prospective ground for CRD deposits.

On February 10, 2021, the Company entered into a mineral property option agreement to acquire up to a 100% working interest in the Silverknife and Amy mineral properties. They are located within the Liard Mining Division, north-central British Columbia (the “Rancheria Silver District”), for consideration comprised of cash and the issuance of common shares of the Company, subject to TSX-V approval, which was received on February 25, 2021, and the Company paid \$15,000 cash on February 4, 2021 and issued 100,000 common shares at a fair value of \$19,500 to the optionors on March 4, 2021.

Pursuant to the option agreement, the Company is required to make the following additional payments:

- \$15,000 plus issue 200,000 common shares on or before February 10, 2022 (issued and paid);
- \$20,000 plus issue 400,000 common shares on or before February 10, 2023 (issued and paid); and,
- \$40,000 plus issue 500,000 common shares on or before February 10, 2024.

The Company has completed the required exploration expenditures on the properties amounting to:

- \$10,000 on or before February 10, 2022 (incurred);
- an additional \$20,000 on or before February 10, 2023 (incurred); and,
- an additional \$30,000 on or before February 10, 2024 (incurred).

There is a 2% NSR of which 1% can be purchased at any time by the Company from the optionor for \$1,000,000.

The Amy and Silverknife tenures are both road accessible from exploration roads that branch from the Silvertip mine road. Both properties had considerable exploration conducted on them until the mid 1980’s when interest waned as a result of the drop in the global silver price. These exploration efforts served to identify highly prospective geological settings, a history of highly positive exploration results from geochemical, geophysical and drill programs. Exploration prospectivity on these properties through the 2021 property wide airborne geophysical SkyTEM survey, served to identify several significant and aerially large anomalies that merit advanced exploration efforts.

These properties will now be further described.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

**Silverknife Property**

The Silverknife property is currently accessed from a road that branches off at km 21 of the Silvertip mine road. This road transects the property and various branches of the road within the property area access areas of exploration interest such as the Silverknife Prospect and will also be utilized to explore a new area of exploration interest defined by a gravity survey in the northern part of the Property.

Silverknife comprises of 2 mineral tenures covering approximately 538.3 hectares which are immediately adjacent, and to the west of, the Silvertip mining claims owned by Coeur Mining Ltd. The Silvertip Mine is located approximately one kilometer east of the western boundary of the Silverknife property and is known to be one of the highest grade underground silver-lead-zinc deposits in the world.

Mineralization at the Silverknife Prospect was identified through drilling in the 1980’s and is thought to represent a zone of known silver-lead-zinc mineralization distal to and is stratigraphically lower than the Silvertip Deposit. The Silverknife Prospect is also associated with proximate Cassiar Batholith intrusives that provide the very important heat source for the movement and eventual deposition of mineralizing fluids in this part of the Rancheria Silver District. Isotope studies conducted on the Silverknife prospect suggest that it is genetically linked to the Silvertip deposit. This presents opportunities for the discovery of mineralization associated with chimney-type feeders and mantos similar to those related to the SilverTip mineralizing event and that of other potential deposits now being identified in the immediate area of the mine and in close proximity to both the eastern and southern boundaries of the Silverknife property.

An example of new mineralization within the region includes the discovery of the Camp Creek West Zone by Coeur Mining Inc. (“Coeur”). This zone is located only 700 meters east of the Silverknife property boundary was noted by Coeur as to include the highest grade silver-lead-zinc intersections yet to be identified in the area. As a result of this discovery, other newly identified extensions of the Silvertip deposit that remain open, and initial drilling efforts in other areas of Coeur’s extensive land holdings, they have committed to up to 100,000 meters of surface and 150,000 meters of underground drilling between 2023-2025. Coeur is advocating a “hub and spoke” model of CRD deposition in the region extending in all directions from the Silvertip deposit that has served to highlight the significant prospectivity of this area.

Further prospectivity of the Silverknife property was defined by a gravity geophysical survey conducted on the northern portion of the property in the 2022 field season. Gravity surveys are designed to identify areas with higher density which provide an indication for the possibility of existence of base metals like lead and zinc which have high density. Therefore, identifying a gravity anomaly is a very good signal that base metal deposition exists in the subsurface. In the Rancheria Silver district, silver is commonly associated with base metals.

On August 10, 2022, CMC announced the highly positive results of approximately 15.4 line-kilometers of gravity survey completed in the northern part of the Property to evaluate significant conductors identified by the airborne SkyTEM survey (see CMC Press Release of July 13, 2022). A significant gravity anomaly was found to coincide with the northern conductivity target and a second, stronger gravity anomaly was found to be centred about 300 meters further south. Both of these targets are covered by quaternary alluvium so their geophysical anomalies are new discoveries. The survey also identified a local increase in gravity in the vicinity of the historical drilling in the area of the Silverknife Prospect. Intelligent Exploration (geophysical consultants) who analyzed the gravity data, noted that the deep anomaly in the northern portion of the Silverknife Property was a good drill target and that the coincidence between the gravity and conductivity anomalies north of the Tootsee River was significant. They concluded that the gravity anomalies coincident with conductive anomalies were also in close proximity to a magnetic low and in close possible contact with the Cassiar Batholith (the “heat source” needed for the movement

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

of mineralized fluids into the overlying sediments). This is very comparable to the setting of Coeur Mining’s Silvertip Deposit.

Other attractive geological features of this area are that the northern part of the Silverknife property is potentially located within a large northeast trending structural corridor interpreted (from regional structural studies by Coeur) and it is also in close proximity to a large geochemical anomaly extending southwards from the Berg prospect to the northern boundary of the Silverknife property.

This has presented a very attractive drill target for the Company that will be pursued with a proposed initial 3,000-meter drill program during the 2023 exploration season. The permit for this drill program has recently been submitted to British Columbia for approval and the Company has also initiated engagement with affected First Nations with the eventual hope of establishing exploration agreements with their governments. It is expected that the drill permit will be received within 3-6 months.

The Silverknife Property also includes other areas of significant exploration interest which the Company intends to examine during the 2023 exploration season. The Silverknife Prospect was noted to remain open to the west and is located on the northeastern edge of a large conductive anomaly in the south-central portion of the Property that extends from the eastern to the western boundaries for an estimated strike length in excess of 1.5 kilometers. The source of geochemical soil silver-lead-zinc anomalies in this portion of the property are yet to be defined but may possibly be related to limestone sequences of the McDame formation (the host rock unit of the Silvertip deposit) that have been previously mapped in the southern portion of the Silverknife property. Evidence from recent discoveries by Coeur have served to demonstrate the potential for high grade silver-lead-zinc mineralization throughout the McDame formation which significantly increases the prospectivity of both the Silverknife Prospect and the occurrences of the McDame formation on the Silverknife property. Prior to these recent findings the loci of mineralization was thought to be limited to only the upper part of the McDame where it is in close contact with mudstone/shaly units (i.e., “cap rocks”) assigned to the Earn Group. The Company intends to conduct detailed geological mapping, geochemical (rock and soil) surveys and prospecting of the south-central and southern portions of Silverknife with the aim of identifying additional drill targets for 2024 and beyond.

### **Amy Property**

The Amy Property comprises of 16 mineral tenures (approximately 908.4 hectares) and is located approximately 8 kilometers to the west of the Silverknife tenures. It is currently accessed by the same road that transects Silverknife. Even though having an existing road is an attractive element for Amy, prior to reaching the property the road intersects the Tootsee River. The Company has determined that another route to the Amy property should be considered to avoid this significant river crossing. A potential route is located to the north but this needs to be ground truthed and other permissions for possible construction of the route would have to be sought from other stakeholders such as Coeur who own the mineral tenures on this potential routing.

Amy is a highly attractive property that has been subjected to considerable historical exploration. The Amy Prospect has a historic indicated reserve of 79,849 tonnes grading 367 g/t silver, 6.0% zinc and 2.8% lead for 1,839,654 ounces at 790 g/t silver equivalent with an additional 59,000 tonnes of inferred resources with no assigned grade.

*Note: CMC does not consider there to be a current resource at the Amy Prospect as details on historic estimations made are not sufficient to meet current resource reporting requirements under NI 43-101.*

## **CMC METALS LTD.**

### **MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**

**Nine months ended June 30, 2023**

(Expressed in Canadian dollars)

---

The Amy Prospect has undergone two levels of development consisting of 202 feet of adit crosscut and 633 feet of drifting along or parallel to the vein structure. The work was done on the 4450 level, which exposed the vein approximately 60 feet below the surface. The east drift encountered 140 feet of highly mineralized vein material immediately east of the crosscut. Historical data indicates that a parallel mineralized structure could exist to the south of the drift. Underground development to the west was terminated after 52 feet of advance when a large solution cavity was encountered. The limited underground development demonstrated that stopping blocks of at least 200 feet in strike length and a 5.0-foot width exist. The average grades along this strike length were 20.74 oz/t silver, 5.17% lead and 7.46% zinc. In the northeast wall of the drift drilling identified a zone 35 feet in strike length with grades of 19.08 oz/t silver, 0.64% lead and 7.78% zinc, also over a width of 5.0 feet. Additional drifting has disclosed a vein of at least 419 feet and remains open to further extension.

Preliminary metallurgical testing from the Amy Prospect was also encouraging as a test sample grading 20.74 oz/t silver, 5.17% lead and 7.64% zinc provided recoveries of 90% silver, 90% lead and 92% zinc in conventional flotation and combined zinc and lead concentration cycles.

Total work to date on the Amy claims has included over 300,000-line feet of geochemical, EM and magnetometer surveying, 31,000 cubic feet of bulldozer trenching and 10,498 linear feet of diamond drilling.

The geology of the Amy Property includes a satellite plug of the Cassiar Batholith, with overlying calcareous and non-calcareous sediments similar to the geological setting of the Silvertip deposit. This highly prospective target stratigraphy extends southwards from our Rancheria South claims and transects the entire Amy claim block that is contiguous with the Rancheria South claims. A total of 7 mineralized showings have been identified within the Amy property comprising of high-grade silver veins and silver-lead-zinc carbonate replacement occurrences. The primary showing comprises of the Amy Showing which is a developed prospect comprising of a galena, sphalerite, pyrite, arsenopyrite, argentite, and fribergite “manto” body formed by replacement mineralization in folded Cambro-Ordovician Kechika Group metasediments.

The property has been subjected to extensive geological mapping, geochemical sampling, geophysical surveys, and drilling campaigns. It hosts the developed prospect called “Amy” which has been subjected to 742 meters of drift/adit development and approximately 33 diamond drill holes that to date have identified a mineralized zone with a known strike length of 170 meters, that is open both laterally and at depth, and has the characteristics of a CRD style deposit. The Amy prospect has a non-compliant 43-101 historic resource comprising of 72,431 tonnes grading 366.7 g/t silver, 6.03% zinc and 2.84% lead (i.e., 1.8 million ounces of silver equivalent at a grade of 790 g/t silver) (BC Minfile 104O 004).

Other mineralized zones and areas within the Amy claims include:

- Cub Zone: a channel sample graded 1.88 oz/t (53.3 g/t) silver, 4.6% lead and 3.42% zinc;
- Zone 2: trenching produced two samples grading (i) 11.4 oz/t (323.2 g/t) silver, 10.5% lead and 13% zinc; and (ii) 150.5 oz/t (4266.7 g/t) silver, 47.4% lead and 1.9% zinc;
- NE anomaly: a soil anomaly measuring 500 by 300 meters where sampling have produced up to 9,200 g/t lead, 4,250 g/t zinc and >20 g/t silver and mineralized float found in the same area grading from 29.82-74.10 oz/t (845.4-1817.2 g/t) silver, 4.6-31.4% lead and 0.33-5.4% zinc;
- Breccia Zone: mineralized float sample graded 22.29 oz/t silver (631.9 g/t), 4.82% lead and 2.22% zinc; and,
- Unnamed Zone: mineralized float graded 47.1 oz/t (1,335.3 g/t) silver.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

*Note: The information on these showings and related non 43-101 compliant historic resources are summarized by the BC Minfile and were included in information provided by the Prospector to the Company prior to acquisition. The Company has also not verified these results at this time but has visited the site in 2022 and conducted a preliminary reconnaissance and sampling of several showings and the 4220 level adit dump.*

**2. Exploring for Copper-Silver-Lead Polymetallic Projects in the Gander Zone, Central Newfoundland Projects**

**Bridal Veil Property, Newfoundland**

On October 22, 2020, the Company entered into a mineral property option agreement to acquire a 100% working interest in the Bridal Veil Property located in the Gander Subzone in Central Newfoundland, for consideration comprised of cash and the issuance of common shares of the Company, subject to TSX-V approval, which was received on December 11, 2020. The Company paid \$16,000 cash and issued 120,000 common shares at a fair value of \$14,400 to the optionors on December 15, 2020.

Pursuant to this agreement, the Company is required to make the following additional payments:

- \$24,000 plus issue 100,000 common shares or pay \$10,000 in cash (paid) and issue 200,000 common shares on or before October 22, 2021 (issued); and
- \$20,000 plus 100,000 common shares or \$10,000 (paid) and 200,000 common shares on or before October 22, 2022 (issued); and
- \$20,000 plus 100,000 common shares or \$10,000 and 200,000 common shares on or before October 22, 2023

There is a 2.5% NSR of which 1.5% can be purchased at any time by the Company from the optionors for \$1,000,000 per 1%.

The Bridal Veil Property, is a copper-silver-lead +/- gold, bismuth, and tungsten prospect located 15 kilometers east of the significant gold Queensway Project being explored by Newfoundland Gold Corp. Bridal Veil is adjacent to the Trans Canada Highway and comprises of 150 claims (3,150 hectares) that host six mineralized showings containing high-grade gold, copper and silver. It diversifies the Company’s holdings and significantly extends our exploration season.

The Bridal Veil Property was identified by the Newfoundland Geological Survey as having potential to host orogenic gold deposition. It lies within the Gander Zone and is underlain by sedimentary rocks of the Gander Group. Bridal Veil is an epigenetic, structurally controlled polymetallic target. Grab samples from mineralized zones have returned grades of up to 8.9% copper, 5.6% lead, 8.6 oz/t silver and 750 ppb gold and another grab containing 3.82 g/t gold.

In 2022, the Company completed an expansion of three of the four areas explored by geochemical soil surveys in 2021. A ground magnetometer survey of a majority of the property was completed and three additional small grids were established and sampled. Results from these field efforts are pending receipt of assays at the time of this report. The ground magnetometer survey served to define the possible contact between the intrusive and metasediments which is a potentially prospective area for mineralization. It also identified north-east trending structures which are common in other adjacent properties and on the Queensway Project and possibly are also significant in the loci and controls of mineralization in the region.

The Company is also in final stages of securing a permit to conduct a pilot Induced Polarization Survey (“IP”) which will be used to determine the effectiveness of this geophysical technique to pinpoint potential drill targets. It is

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

expected that this 10-line kilometer IP survey will be completed in the spring of 2023. Additional geological mapping and sampling of significant areas of alteration including mineralized breccia units is also planned for 2023. The overall objective is to determine whether the project warrants drill investigation in 2024 and beyond.

**Terra Nova Property, Newfoundland**

The Terra Nova Property located approximately 45 kilometers southeast of Terra Nova District, Newfoundland, which property is road accessible and is transected by the HV dc power line. It is also situated approximately 32 kilometers east of the high-grade gold discovery by Newfoundland Gold Corp.

The Terra Nova Property comprises 71 claims (approximately 1,775 hectares) and is underlain by the Square Pond Gneiss and sedimentary rocks of the Gander Group. The Company acquired the property as prospectors had identified several high-grade copper-silver-lead showings in the area.

On October 22, 2020, the Company entered into a mineral property option agreement to earn up to a 100% working interest in the Terra Nova Property located in the Gander Subzone in Central Newfoundland, for consideration of cash only, \$5,000 (paid) which was due on signing, and subsequent payments as follows:

- \$10,000 on or before October 22, 2021 (paid);
- \$20,000 on or before October 22, 2022 (paid); and,
- \$30,000 on or before October 22, 2023.

On the fifth anniversary date, an advance royalty is to be paid of \$5,000 per year to the optionors and a NSR of 2.0% of which 1.0% can be purchased at any time by the Company for \$1,000,000.

On July 4, 2022, the Company entered into a property option agreement with Highbank Resources Ltd. (“Highbank”) whereby Highbank has the option to acquire an 80% interest in and to the claims of the Terra Nova property subject to a 2% Net Smelter Return royalty pursuant to an underlying agreement. As consideration Highbank will pay an aggregate of \$10,000 in cash within 30 days of signing the agreement (received) and subsequent payments as follows:

- \$20,000 on or before October 21, 2022 (received);
- \$30,000 on or before October 21, 2023;
- issue 500,000 common shares on the effective date (received);
- issue 500,000 common shares within six months of the effective date (received); and,
- issue 500,000 common shares of Highbank within on year of the effective date.

When the option is exercised, Highbank and the Company shall enter into and be bound by the terms of a joint venture agreement, which agreement shall be completed in a timely manner at any time following the exercised by Highbank of the option. The joint venture agreement shall contain the following provisions:

- Highbank shall be the operator of the joint venture, provided that Highbank has exercised the option in full;
- Highbank and the Company shall participate on a pro-rata basis in all financing programs relating to the exploration, development and production of minerals extracted from the claims; and
- Dilution of interests in and to the claims in the event of partial or non-participation.

Within this agreement, the Company continued as the exploration Operator. An exploration permit to construct exploration trails and conduct trenching on the known showings was acquired in late 2022. Trail construction was

## **CMC METALS LTD.**

### **MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**

**Nine months ended June 30, 2023**

(Expressed in Canadian dollars)

---

initiated along with a limited trenching program which was pre-empted by winter storm conditions. Plans are underway to complete the extension of the trail system to all of the property showings and conduct as more detailed trenching and pit analysis of areas over and proximal to the showings to determine both their areal extent and further define the nature of the mineralization and system controls. This work is proposed for early summer 2023.

#### **Rodney Pond Property, Newfoundland, Canada**

On January 6, 2022, the Company acquired an option to earn up to a 100% working interest in the Rodney Pond property in the highly prospective Gander Subzone in central Newfoundland, subject to an option agreement with Nancy, Stephen and Larry Rogers (the prospectors) of Hare Bay, Nfld. Terms of the option agreement are subject to TSX Venture Exchange approval. Pursuant to the terms of the agreement, the Company will pay \$10,000 and 50,000 common shares of the Company upon execution of the agreement and additional payments will be made on the first anniversary and in the following years to the prospectors as follows:

- First anniversary date, January 6, 2023: \$10,000 (paid) cash and 50,000 (issued) common shares;
- Second anniversary date, January 6, 2024: \$15,000 cash and 75,000 common shares;
- Third anniversary date, January 6, 2025: \$25,000 cash and 125,000 common shares;
- In addition, the agreement provides for a conventional royalty of 2%, of which 1% can be purchased at any time by the Company from the prospectors for \$1-million.

The Rodney Pond Property is located 17 km south of Gander in Central Newfoundland. Access to the claims is via woods roads off the Mint Brook forest access road which intersects the Trans Canada Highway near Gambo, 30 km to the east (NTS Map Sheet 2D/15). The Rodney Pond Property consists of 27 claims on five mineral licences.

The property lies within the Gander Zone of the Newfoundland Appalachians. The Gander Zone hosts numerous precious and base metal deposits through the Appalachians in Atlantic Canada and northeastern United States. The area has received very limited exploration work. In the early 1990's, the area was mapped as part of a 1:50,000 scale regional mapping program by the Geological Survey of Newfoundland and Labrador (O'Neill, 1993).

The Company optioned the property from prospectors Nancy and Larry Rogers who had identified several mineral occurrences including a two-meter-wide vein of semi-massive to massive chalcopyrite and bornite. Preliminary sampling has resulted in a vein sample returning up to 7.1% copper, 27.2 g/t silver, 1,065 g/t zinc and 233 ppb gold. Other mineralization comprises of chalcopyrite and bornite in float on the western section of the property.

In 2022, the Company conducted a ground magnetometer survey initially over the western part of the project and then completed a second survey over the northern portion of the Property to cover newly identified showings. The geophysical interpretation report on this survey is pending at the time of this report. Based on the findings of this report, possible plans for further exploration of the property for 2023 will be considered.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

**3. Other Projects**

**Logjam Property, Yukon**

Logjam is a 100% owned property of the Company located in south-central Yukon, approximately 250 km from Whitehorse and 185 km west of Watson Lake. The property is accessible through a road extending 20 km northwards from the Yukon-Alaska Highway.

Mineralization at Logjam comprises of no less than 10 polymetallic veins containing gold, silver, lead, zinc, copper and to a lesser extent antimony, bismuth and tungsten. Logjam has seen a lot of historical work completed on the project including 701 meters of underground development in two adits (5600 and 5150 levels) and 2,971 meters of drilling. Limited exploration has taken place since the mid 1980's but it is considered that the property has exploration potential to host a polymetallic deposit.

In 2020 and 2021, the Company completed brief reconnaissance and sampling efforts of rusty altered outcrops along the trail route extending from Largo Resources' Northern Dancer claims through a cross section of the stratigraphy in the southern part of the Property. This was to follow up on historical results identifying the possible existence of gold-silver-lead-zinc and copper mineralization in that area. At time of writing the results from this effort are pending as results on samples submitted for assaying are yet to be received.

The Company also received a permit to upgrade the road access to the property enabling vehicular traffic to the site and to be able to conduct a range of exploration activities such as prospecting, geological mapping, geochemistry, and trenching. The Company is currently undertaking an evaluation of the Property to determine best steps forward which may include optioning the property or securing a partnership arrangement to advance exploration on the Property.

**Bishop Mill Processing Facility, Bishop, California**

The Company is obligated by the US Bureau of Land Management to maintain a reclamation bond for the Bishop mill facility and the estimated amount of this bond is renewed on an annual basis. If necessary, the Company then provided additional monies to be held by BLM to cover the increased bond estimate.

During 2021, the Company has been fulfilling all of the annual increases by the BLM for the mine reclamation bond, and as of June 30, 2023, there was no change to the reclamation bond held by BLM of \$256,312 (US\$193,589). The Bishop Mill remained in care and maintenance status. The Company is examining a range of options for the mill include possible sale of assets, and site reclamation and final closure.

**Other Activities**

On November 2, 2022, the Company commenced the development of an ESG (environmental, social and governance) manual to help develop Company policies and guide all work activities to ensure that they are being implemented in a corporate responsible manner. The initiative is designed to be the first step of a multi-phase project that is designed to ensure that the corporate philosophy and operational plans of the Company serve to mitigate and adapt project impacts on the environment, climate change, local participation, indigenous concerns and participation, local communities, project benefits, employee safety and satisfaction.

This ESG initiative is expected to evolve over the foreseeable future in particular in the area of addressing the needs and concerns of local indigenous groups and communities directly affected by our projects. In this manner it is

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

hopeful that the outcome of these activities will serve to increase the competitiveness of our projects and de-risk both short- and long-term goals and objectives. Determining how indigenous knowledge and participation within this project is deemed fundamental to the future success of the Company.

**Liquidity & Capital Resources**

As at June 30, 2023, the Company had working capital of \$568,569 (September 30, 2022 – \$298,679), had not yet achieved profitable operations, has accumulated losses of \$30,986,940 (September 30, 2022 - \$28,828,194) since its inception and expects to incur further losses in the development of its business, all of which indicate the existence of a material uncertainty that may cast substantial doubt about the Company’s ability to continue as a going concern.

The Company believes that the current capital resources is not sufficient to pay overhead expenses and its exploration expenditure commitment for the next twelve months and will need to seek additional funding for overhead expenses and any future commitments. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company’s liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares, shares for debt, loans and related party loans to fund ongoing operations and investments. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

During the nine months ended June 30, 2023:

During the nine months ended June 30, 2023, the Company issued 680,150 common shares pursuant to the exercise of share purchase warrants at a price of \$0.20 per share for total proceeds of \$136,030. The Company transferred \$49,729 from contributed surplus.

On June 1, 2023, the Company issued 600,000 common shares at a fair value of \$84,000 pursuant to the Blue Heaven property option agreement.

On February 8, 2023, the Company issued 400,000 common shares at a fair value of \$60,000 pursuant to the Amy and Silverknife property option agreement.

On January 9, 2023, the Company issued 50,000 common shares at a fair value of \$9,000 pursuant to the Rodney property option agreement.

On December 7, 2022, the Company issued an aggregate of 5,454,100 flow-through (“FT”) units at a price of \$0.22 per FT unit for total proceeds of \$1,199,902. Each FT unit consists of one FT share of the Company and one-half of one transferable share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.25 per share on or before December 7, 2024. The Company used the pro rata method with respect to the measurement of shares and warrants issued and a fair value of \$298,123 was allocated to the 2,727,050 share purchase warrants. In connection to the financing the Company paid a finders fees of \$56,994 and issued 259,065 non-transferable finders’ warrants exercisable at \$0.22 per share expiring on December 7, 2024. The Company fair value the finders’ warrants at \$38,860 using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate –

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

4.02%; annual dividends - nil; expected life - 24 months; expected stock price volatility- 125%. There was no flow-through premium on this private placement.

On November 11, 2022, the Company issued 150,000 common shares pursuant to the exercise of stock options at a price ranging from \$0.12 to \$0.13 per share for total proceeds of \$18,500. The Company transferred \$17,367 from contributed surplus.

On October 19, 2022, the Company issued 200,000 common shares at a fair value of \$32,000 pursuant to the Bridal Veil property option agreement.

On October 12, 2022, the Company issued an aggregate of 3,884,028 units consisting of 656,250 NFT units at a price of \$0.16 per NFT unit and 3,227,778 FT units at a price of \$0.18 per FT unit for total proceeds of \$686,000 of which \$5,000 is a receivable. Each NFT unit consists of one common share of the company and one-half of one transferable share purchase warrant. Each FT unit consists of one FT share of the company and one-half of one transferable share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.20 per share on or before October 13, 2024. The Company used the pro rata method with respect to the measurement of shares and warrants issued and a fair value of \$139,972 was allocated to the 1,942,014 share purchase warrants. In connection to the financing the Company paid a finders fees of \$47,956 and issued 321,640 non-transferable finders’ warrants exercisable at \$0.20 per share expiring on October 13, 2024. The Company fair value the finders’ warrants at \$32,165 using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate – 3.87%; annual dividends - nil; expected life - 24 months; expected stock price volatility- 128%. The Company recognized a flow-through premium of \$64,556 on the private placement.

***Results of Operations***

The following discussion and analysis explain trends in the Company’s financial condition and results of operations. This discussion and analysis of the results of operations and financial condition of the Company should be read in conjunction with the audited financial statements and the notes thereto for that period. Unless expressly stated otherwise, all references to dollar amounts in this section are in Canadian dollars.

***Annual Information***

The following is a summary of the results of financial operations of the Company for the years ended September 30, 2022, 2021 and 2020.

	September 30, 2022	September 30, 2021	September 30, 2020
Revenues	Nil	Nil	Nil
Operating expenses	\$ (4,442,610)	\$ (3,124,826)	\$ (988,737)
Net loss and comprehensive loss for the year	\$ (4,269,431)	\$ (3,040,580)	\$ (949,393)
Total assets	\$ 1,711,256	\$ 1,019,449	\$ 694,767
Total long term debt	\$ 607,961	\$ 417,368	\$ 167,135
Cash dividends declared per share	N/A	N/A	N/A

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

**Quarterly Information**

The quarterly results were derived from condensed interim consolidated financial statements using IFRS. The quarterly results for following selected financial data should be read in conjunction with the Company’s audited consolidated financial statements and quarterly management prepared condensed interim consolidated financial statements.

	Quarter Ended 06/30/2022	Quarter Ended 03/31/2022	Quarter Ended 12/31/2021	Quarter Ended 09/30/2021
Net Income (loss)	\$(819,114)	\$(425,164)	\$(697,764)	\$(1,695,678)
Income (loss) per share	\$(0.01)	\$(0.00)	\$(0.01)	\$(0.03)

  

	Quarter Ended 06/30/2023	Quarter Ended 03/31/2023	Quarter Ended 12/31/2022	Quarter Ended 09/30/2022
Net Income (loss)	\$(864,610)	\$(878,128)	\$(416,008)	\$(2,327,389)
Income (loss) per share	\$(0.01)	\$(0.01)	\$(0.00)	\$(0.03)

During the quarter ended September 30, 2021, the net loss included \$1,653,687 in exploration expenditures and year end adjustments.

During the quarter ended December 31, 2021, the net loss included \$312,221 in share-based payments.

During the quarter ended June 30, 2022, the net loss included \$512,905 in exploration expenditures.

During the quarter ended September 30, 2022, the net loss included \$1,867,963 in exploration expenditures and year end adjustments.

During the quarter ended December 31, 2022, the net loss included \$285,065 in exploration expenditures.

During the quarter ended March 31, 2023, the net loss included \$378,711 in exploration expenditures.

During the quarter ended June 30, 2023, the net loss included \$678,757 in exploration expenditures.

**Results of Operations:**

During the three months ended June 30, 2023:

There was no source of revenue for the Company during the three months ended June 30, 2023. During the three months ended June 30, 2023, the Company recorded a net loss and comprehensive loss of \$864,610 which is comparable to the net loss and comprehensive loss of \$819,114 for the comparable quarter. Operating expenses for the current quarter was \$906,487 as compared to \$866,711 for the comparable quarter. The majority of the expenses related to the following:

## CMC METALS LTD.

### MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)

Nine months ended June 30, 2023

(Expressed in Canadian dollars)

Total exploration expenditures for the current quarter were \$678,757 as compared to \$512,905 for the comparable quarter. A majority of the exploration expenditures were spent on the Silver Hart property as the Company completed a drilling program and the Amy and Silverknife property.

The above increase was offset by the following decreases in expenses during the period:

Travel expenses have decreased to \$13,863 as compared to \$65,774 for the comparable quarter due to less travel done by the CEO.

Consulting fees has decreased to \$79,733 as compared to \$137,950 for the comparable quarter. During the current quarter, the Company did not engage new consultants for corporate advisory and administrative services.

Filing fees and transfer agent fees for the current quarter have decreased to \$22,444 as compared to \$57,676 for the comparable quarter. The decrease coincides with the decrease in the number of private placements and mineral property acquisition.

During the nine months ended June 30, 2023:

There was no source of revenue for the Company during the nine months ended June 30, 2023. During the nine months ended June 30, 2023, the Company recorded a net loss and comprehensive loss of \$2,158,746 in the current period to date as compared to the net loss and comprehensive loss of \$1,942,042 for the comparable period to date. Total expenses for the current period to date was \$2,267,574 as compared to \$2,035,854 for the comparable period to date. The majority of the expenses related to the following:

Total exploration expenditures for the current period to date were \$1,342,533 as compared to \$1,003,781 for the comparable period. A majority of the exploration expenditures were spent on the Silver Hart property as the Company completed a drilling program and the Amy and Silverknife property.

	Silver Hart	Bishop Mill	Bridal Veil	Rancheria	Amy and Silverknife	Terra Nova	Blue Heaven	Rodney Pond	Total
Costs incurred during the period:									
Acquisition costs	\$ -	\$ -	\$ 42,000	\$ -	\$ 80,000	\$ 20,000	\$ 146,500	\$ 19,000	\$ 307,500
Accommodation and meals	1,177	-	2,750	-	40,968	-	-	-	44,895
Assaying	66,460	-	16,802	-	1,403	1,528	16,712	-	102,905
Camp site	-	-	-	-	117,500	-	-	-	117,500
Contractors	57,874	-	7,340	-	127,567	3,960	678	-	197,419
Clean up costs	-	93,826	-	-	-	-	-	-	93,826
Drilling (recovery)	(2,558)	-	-	-	-	-	-	-	(2,558)
Equipment rental	12,032	-	550	-	38,842	-	-	-	51,424
Field office	128	-	8,566	2,268	24,326	505	631	-	36,424
Geological	80,593	-	57,394	-	103,085	60,952	3,815	13,429	319,268
Geophysical	-	-	-	-	3,750	-	-	-	3,750
Mapping	6,858	-	2,820	-	9,138	-	1,339	5,945	26,100
Travel expenses	7,798	-	551	-	118,600	1,782	-	-	128,731
Option payments received	-	-	-	-	-	(20,000)	-	-	(20,000)
Cost recoveries	-	-	-	-	-	(64,651)	-	-	(64,651)
For the nine months ended June 30, 2023	\$ 230,362	\$ 93,826	\$ 138,773	\$ 2,268	\$ 665,179	\$ 4,076	\$ 169,675	\$ 38,374	\$ 1,342,533

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

Marketing has increased to \$125,718 as compared to \$57,743 for the comparable period. During the current period, the Company engaged new consultants for marketing and investor relations.

The above increase was offset by the following decreases in expenses during the period.

Consulting fees have decreased to \$213,949 as compared to \$307,372 for the comparable period. During the current period, the Company did not engage new consultants for corporate advisory and administrative services.

Share-based payments for the period was \$272,025 as compared to \$329,462 for the comparable period. During the current period, the Company granted 2,250,000 stock options to directors and consultants of the Company which was fair valued at \$272,025. The Company fair valued these stock options using the Black-Scholes Option Pricing Model. Share-based payments is a non-cash transaction.

During the nine months ended June 30, 2023, the Company received \$1,780,902 from the issue of flow-through shares. A flow through premium liability of \$64,556 was recognized and the Company recognized \$64,556 as other income and as at June 30, 2023 has a commitment to incur an additional \$897,573 in exploration expenditures by the end of December 31, 2023.

**Fourth Quarter**

N/A

**Related Party Transactions**

The Company entered the following transactions with related parties:

- a) incurred exploration expenditures of \$129,600 (June 30, 2022 - \$143,857) with a director or a company controlled by a director and officer of the Company.
- b) incurred share-based payments of \$194,649 (June 30, 2022 - \$277,513) with directors and officers of the Company.
- c) incurred consulting and office and miscellaneous of \$161,422 (June 30, 2022 - \$4,870) with companies controlled by either a director and/or officer of the Company.

On June 30, 2023, prepaid expenses includes \$21,471 (September 30, 2022 - \$Nil) in prepaid consulting fees and exploration expenditures to a director and a company controlled by a director of the Company.

On June 30, 2023, a total of \$19,151 (September 30, 2022 - \$30,325) was owing to directors and a company controlled by a director of the Company, unsecured, non-interest bearing, no specific terms of repayment.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

**Off Balance Sheet Agreements**

None

**Proposed transactions**

None

**Subsequent event**

On August 24, 2023, the Company completed the first tranche of financing for aggregate gross proceeds of \$214,250 consisting of 1,167,500 NFT units at a price of \$0.10 per NFT unit and 812,500 FT units at a price of \$0.12 per FT unit. Each NFT unit consists of one common share of the company and one-half of one NFT transferable share purchase warrant. Each FT unit consists of one FT share of the company and one-half of one NFT transferable share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.15 per share on or before August 25, 2025. In connection to the financing the Company paid a finders fees of \$5,055 and issued 24,000 non-transferable finders’ warrants exercisable at \$0.15 per share expiring on August 25, 2025.

**Recent Accounting Pronouncements**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods are as follows:

*Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2024. The adoption of this standard is not expected to have any impact on the Company’s financial statements.

**Risk, Uncertainties and Outlook**

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines.

The Company currently has a caretaker through its US operations at the Bishop Mill, California through its wholly owned subsidiary company, 0877887 BC Ltd.

The ability to raise working capital directly impacts the ability of the Company to undertake any planned exploration programs. Currently sufficient work has been undertaken on all of its current mineral property interests for a number of years, however, if the Company is unable to perform sufficient exploration work in future years or with exploration partners, it may be necessary to write-down additional mineral property interests in future periods. The Company’s exploration activities and its potential mining and processing operations are subject to various laws governing land use, the protection of the environment, prospecting, development, production, contractor availability, commodity prices, exports, taxes, labour standards,

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

occupational safety and health, waste disposal, toxic substances, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. There is no assurance that the Company will be able to obtain all permits required for exploration, any future development and construction of mining facilities and conduct of mining operations on reasonable terms or that new legislation or modifications to existing legislation, would not have an adverse effect on any exploration or mining project which the Company might undertake.

The Company has been performing reclamation activities on an on-going basis. As such, management feels that there is no significant reclamation liability outstanding on properties owned by the Company.

The Company’s ability to continue as a going concern is contingent on its ability to obtain additional financing. Several adverse conditions cast significant doubt on the validity of this assumption. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise funds by private placements of shares. The junior resource industry has been severely adversely affected by the world economic situation, as it is considered to be a high-risk investment. There is no assurance that the Company will be successful with any financing ventures. It is dependent upon the continuing financial support of shareholders and obtaining financing to continue exploration of its mineral property interests.

While the Company is expending its best efforts to achieve its plans by examining various financing alternatives including reorganizations, mergers, sales of assets, and settlement of debts by share issuances, or other form of equity financing, there is no assurance that any such activity will generate funds that will be available for operations.

The condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded assets, or the amounts of, and classification of liabilities that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material. The amounts shown as mineral properties and related deferred costs represent costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada. As most of the Company’s cash is held in one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company’s secondary exposure to risk is on its other receivables and reclamation bond. This risk is minimal as receivables consist primarily of refundable government goods and services taxes and the reclamation bond is held with government authorities.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company’s normal operating requirements on an ongoing basis.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The Company has a working capital of \$568,569 at June 30, 2023. Liquidity risk is assessed as high.

***Foreign exchange risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company’s subsidiary is not exposed to material currency risk as its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest earned on cash is at nominal interest rates and therefore, the Company does not consider interest rate risk to be significant.

***Capital management***

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. There were no changes in the Company's approach to capital management during the quarter. The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

**Share Capital**

As at June 30, 2023 and of the date of the MD&A, the Company had the following shares or equities outstanding.

Security description	As at	
	June 30, 2023	MD&A date
Common shares – issued and outstanding	138,907,831	140,887,831
Share purchase warrants 1 for 1 basis	22,101,373	23,115,373
Stock options	7,125,000	7,125,000
Common shares – fully diluted	168,134,204	171,128,204

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Nine months ended June 30, 2023**  
(Expressed in Canadian dollars)

---

**Forward-looking Statements**

The Management Discussion and Analysis of Financial Condition and Results of Operations contain certain statements that may be deemed “forward-looking statements”. All statements in this document, other than statements of historical fact, that address events or developments that the Company expects to occur, are forward looking statements. Forward looking statements are statements that are not historical facts and generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential”, “interprets” and similar expressions, or that events or conditions “will”, “would”, “may”, “could” or “should” occur. Forward-looking statements in this document include statements regarding future exploration programs and joint venture partner participation, liquidity and effects of accounting policy changes. Although the Company believes the expectations expressed in such forward looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions.

Investors are cautioned that any such statements are no guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward looking statements are based on beliefs, estimates and opinions of the Company’s management on the date the statements are made. The Company undertakes no obligations to update these forward-looking statements in the event that management’s beliefs, estimates or opinions, or other factors, should change except as required by law.

These statements are based on a number of assumptions, including, among others, assumptions regarding general business and economic conditions, the timing of receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company’s proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.