

FORM 51-102F3
MATERIAL CHANGE REPORT

1. **Name and Address of Company**

C3 Metals Inc. (the “**Company**”)
217 Queen Street West, Suite 401
Toronto, Ontario M5V 0R2

2. **Date of Material Change**

August 26, 2020

3. **News Release**

A press release disclosing the material change was released on August 26, 2020, through the facilities of Newsfile Corp.

4. **Summary of Material Change**

The Company closed its previously announced non-brokered private placement through the issuance of 43,636,381 common shares in the capital of the Company (the “**Common Shares**”) at a price of \$0.055 per Common Share, for gross proceeds of \$2,400,000.97 (the “**Offering**”).

5. **Full Description of Material Change**

In connection with the Offering, the Company paid cash commissions of \$96,525 and issued 1,755,000 finder’s warrants (the “**Finder’s Warrants**”) to certain eligible third-party persons with respect to services provided in connection with the Offering. Each Finder’s Warrant entitles the holder to purchase Common Shares at a price of \$0.055 per Common Share until their expiry date on August 26, 2022. All securities issued in connection with the Offering will be subject to a statutory hold period of four months plus one day from the date of issuance and the resale rules of applicable security legislation. This Offering is subject to final approval of the TSX Venture Exchange.

The Offering is considered a related party transaction within the meaning of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transaction* (“**MI 61-101**”) as certain directors and officers of the Company subscribed for 1,613,657 Common Shares pursuant to the Offering. Such related party transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to the related parties nor the consideration being paid by the related parties exceeded 25% of the Company's market capitalization. The participants in the Offering and the extent of such participation were not finalized until shortly prior to the completion of the Offering. Accordingly, it was not possible to publicly disclose details of the nature and extent of related party participation in the Offering pursuant to a material change report filed at least 21 days prior to the completion of the Offering.

The proceeds of the Offering will be used for exploration at the Jasperoide project in Peru and general working capital purposes. The actual allocation of net proceeds may vary depending on future operations or unforeseen events or opportunities.

Tectonic Advisory Partners ("**Tectonic**"), a boutique New York-based resources focussed investment banking group acted as advisor to C3 Metals in relation to US institutional investors.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

(a) a description of the transaction and its material terms:

In connection with the closing of the Offering, certain 'related parties' (as such term is defined in MI 61-101) acquired an aggregate of 1,613,657 Common Shares pursuant to the Offering.

(b) the purpose and business reasons for the transaction:

The proceeds of the Offering will be used for exploration at the Jasperoide project in Peru and general working capital purposes.

(c) the anticipated effect of the transaction on the issuer's business and affairs:

The completion of the Offering provided the Company with funds for exploration at Jasperoide project in Peru and general working capital purposes.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Antony Manini, a director and insider (as such term is defined in the Securities Act (Ontario)) of the Company, acquired 1,613,657 Common Shares in connection with the Offering, through AJM Investco PTY Ltd. as Trustee for Manini Family Superannuation Fund, a beneficially owned and company controlled by Mr. Manini.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

Prior to the completion of the Offering, Mr. Manini beneficially owned and controlled 11,319,871 common shares, 2,787,500 warrants and 3,585,000 options. Upon completion of the Offering Mr. Manini holds an aggregate of 12,933,528 common shares representing approximately 3.4% of the issued and outstanding common shares on an undiluted basis. If Mr. Manini has exercised all of his convertible securities immediately following the closing of the Offering, he would have beneficially owned, directly or indirectly, an aggregate of 19,306,028 common shares, approximately 5.0% on a partially diluted basis, assuming exercise of all convertible securities held by Mr. Manini.

- (e) **unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

A resolution of the board of directors was passed on August 5, 2020 approving the Offering. No special committee was established in connection with the transaction, and no materially contrary view or abstention was expressed or made by any director.

- (f) **A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) **that has been made in the 24 months before the date of the material change report:**

Not applicable.

- (ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

- (h) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Other than a subscription agreement to purchase the Common Shares pursuant to the Offering, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Offering. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Offering.

- (i) **disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

The Offering constituted a related party transaction within the meaning of MI 61-101 as an insider of the Company subscribed for an aggregate of 1,613,657 Common Shares. The Company is relying on the exemptions from the formal valuation and minority approval requirements of MI 61-101 contained in subsections 5.5(a) and 5.7(1)(a), of MI 61-101, respectively, as the fair market value of the subject matter of, or the fair market

value consideration for, the transaction, insofar as it involves interested parties, did not exceed 25% of the issuer's market capitalization.

A material change report in respect of this related party transaction could not be filed at least 21 days prior to the closing of the Offering due to the fact that the Company wished to close the transaction as soon as practicable to enable it to use the proceeds of the Offering.

6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

The report is not being filed on a confidential basis.

7. **Omitted Information**

No significant facts have been omitted from this Material Change Report.

8. **Executive Officer.**

For further information, contact Jeff Ackert, Vice President, Business Development of the Company at (647) 957-2249.

9. **Date of Report.**

This report is dated at Toronto, this 3rd day of September, 2020.

C3 METALS INC.

Per: “Jeff Ackert” (Signed)
Jeff Ackert
Vice President, Business Development