

CMC METALS LTD.
MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)
Three months ended December 31, 2023
(Expressed in Canadian dollars)

General

The following Management Discussion and Analysis (“MD&A”) of Financial Condition and Results of Operations, prepared February 29, 2024, should be read in conjunction with the accompanying condensed interim consolidated financial statements for the three months ended December 31, 2023 and audited consolidated financial statements for the year ended September 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.sedarplus.ca and on the Company’s website at 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.

On November 30, 2023, pursuant to the sale agreement dated September 15, 2023, the Company completed the sale of its wholly owned subsidiary, 0877887 B.C. Ltd., and all of assets, rights, liabilities and responsibilities of the Bishop mill located in California, United States, with 1436132 B.C. Ltd., a private Canadian company for a total consideration comprising US\$270,000 in cash and \$600,000 in shares or cash equivalent.

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary 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

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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, and the war in the Ukraine, and the escalation of war between Israel and Hamas in Gaza to the business to be limited, the indirect 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 11th, 2022, under the symbol CMCXF.

Discussion of Operations and Financial Condition

Operations Summary

The Company has properties in Mexico, British Columbia, Yukon and Newfoundland. It is primarily focussed on pursuing high grade silver polymetallic deposits and is also involved in properties with potential for gold mineralization.

Mexico

On January 8, 2024 the Company entered into a share purchase agreement with Sailfish Royalty Corp. (“Sailfish”) has entered into a share purchase option agreement to acquire all of the issued and outstanding shares of Swordfish Silver Corp. (“**Swordfish**”). Swordfish, through Sailfish de Mexico S.A. de C.V., holds the mineral rights of the Gavilanes silver exploration property (the “**Property**”) located in the Municipality of San Dimas, State of Durango, Mexico.

The terms of this agreement are as follows:

Pursuant to the terms of the Agreement, in order to exercise the Option and maintain the Option in good standing, CMC shall make a series of cash payments, issue common shares in the capital of CMC (“**CMC Shares**”) and incur certain exploration expenditures on the Property (collectively, “**Option Payments**”), as follows:

1. CMC shall pay to Sailfish cash payments totaling US\$3,500,000 in accordance with the following schedule:
 - a. US\$500,000 on or before March 31, 2024;
 - b. US\$500,000 on or before March 31, 2025;
 - c. US\$500,000 on or before March 31, 2026; and
 - d. US\$2,000,000 on or before March 31, 2027;
2. CMC shall issue CMC Shares in accordance with the following schedule:
 - a. 1,000,000 CMC Shares upon acceptance by the TSX Venture Exchange (the “**TSXV**”) of the Agreement;

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- b. \$700,000 in CMC Shares on or before March 31, 2024 calculated based on the greater of (i) \$0.05 per CMC Share; and (ii) the 10-day volume weighted average price of the CMC Shares immediately prior to issuance; and
 - c. \$500,000 in CMC Shares on or before March 31, 2025 calculated based on the greater of (i) \$0.05 per CMC Share; and (ii) the 10-day volume weighted average price of the CMC Shares immediately prior to issuance;
3. CMC shall incur and pay for total exploration expenditures of C\$5,000,000 in respect of the Property (including 10,000 meters of new drilling) in accordance with the following schedule:
- a. C\$1,000,000 on or before March 31, 2025;
 - b. C\$1,500,000 on or before March 31, 2026; and
 - c. C\$2,500,000 on or before March 31, 2027.

On or before exercise of the Option, CMC and Sailfish will enter into a net smelter returns royalty agreement with respect to the Property which grants Sailfish:

- a. a 1.5% net smelter returns royalty on unencumbered grounds with an option for CMC to buy-back 1.0% of the net smelter returns royalty for \$3,000,000; and
- b. a 0.5% net smelter returns royalty on encumbered grounds.

CMC may, in lieu of making further Option Payments, immediately exercise the Option by: (a) paying to Sailfish US\$4,000,000 in cash on or before the first anniversary of TSXV acceptance of the Agreement; or (b) paying to Sailfish US\$3,500,000 in cash after the first anniversary of TSXV acceptance of the Agreement. CMC will act as operator during the option period and will be responsible for all rates, taxes, duties, royalties, assessments and fees levied after the date of the Agreement with respect to the Property or CMC’s operations thereon. The Agreement and proposed issuances of CMC Shares remain subject to acceptance by the TSXV.

The silver-gold polymetallic Gavilanes Project (13,594.5 hectares) has a current NI 43-101 Inferred Resource of 18,174,000 contained silver-equivalent (“Ag-Eq”) ounces at an average grade of 320.3 g/t Ag-Eq within 1,765,000 tonnes (Mine Development Associates/Respec Resource Gesociences Inc., 2021). The metal prices assumed in the resource estimate were \$19.00 USD/oz silver, \$1,600 USD/oz gold, \$3.50 USD/lb copper, and \$1.00 USD/lb for lead and zinc.

Gavilanes is a low to intermediate sulfidation epithermal deposit and is located in the Sierra Madre Occidental Province in southwestern Durango. Limited drilling at the site has been completed over 0.2 square kilometers of veins. Gavilanes has been subjected to periodic episodes of drilling totalling 61 diamond drill holes (13,011.25 meters). A majority of the drilling (47 holes) was completed by Santa Cruz Silver Mining. The drilling focused on the Guadalupe Solitude structure along only 500 meters. The San Nicolas mineralized structures, which span 2.6 kilometers, have only been tested over 250 meters with drilling intersecting an important gold system that was later confirmed with mapping and surface sampling.

Highlights of some previous intersections from historical drilling efforts include:

- SCSN-01: 8 meters 155 g/t silver
- SCSN-04: **17.8 meters of 465 g/t silver**
- SCSN-05: **2.4 meters of 6.75 g/t gold**
- SCGP-02: 4.25 meters of 233 g/t silver and 0.33 g/t gold
- SCGP-11: **4.8 meters of 616 g/t silver**

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- SCGP-12: 4 meters of 243 g/t silver
- SCGP-15: 3.4 meters of 298 g/t silver
- SCGP-22: **3.3 meters of 2,540 g/t silver**
- SCGP-26: **8.6 meters of 409 g/t silver**
- SCHN-12: **6.3 meters of 2,016 g/t silver and 0.16 g/t gold**

(note: the results do not include other metals present such as lead, zinc, copper and/or gold which could result in higher silver equivalent grades)

The Company plans to complete up to 4,500 meters of drilling at Gavilanes in 2024, subject to financing availability. Initial drilling will focus on further extensions of the San Nicolas vein, Descubridora, Veta Del Pueblo and Guadalupe-Soledad veins. Average veins encountered to date are approximately 3.0 meters in width and typical contain varying amounts of silver, gold, copper, lead and zinc.

Recent mapping efforts by Sailfish identified more than 20 veins covering an area in excess of 15 square kilometers some with strike lengths estimated in excess of 2.0 kilometers. Preliminary sampling of a majority of the veins has indicated that they are mineralized.

Highlights of the surface sampling include:

- Sample 43038, Veta Del Pueblo: **1 meter grading 1,867 g/t silver**
- Sample 43235, Descubridora Vein: **2 meters grading 24.4 g/t gold and 44.5 g/t silver**
- Sample 45352, San Nicolas Vein: **1.5 meters grading 6.07 g/t gold and 201 g/t silver**
- Sample 45331, San Nicolas Vein: 1.0 meter grading 30 g/t gold, 190 g/t silver

British Columbia and Yukon

The Company has three properties in the Rancheria Silver District that is 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 identified successful exploration strategies and knowledge of the district. It subsequently optioned additional properties in the central part of the District, namely Silverknife and Amy which is now has 100 percent ownership. The Rancheria Silver District is located approximately 300 km east of Whitehorse, Yukon.

In Yukon, 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. Additional drilling was conducted in 2022 resulting in a new vein discovery and the potential to further expand resources on the property. Initial trenching conducted on the Blue Heaven property yield highly positive results that require additional follow-up.

The Company shifted its attention to its properties on the British Columbia portion of the Rancheria Silver District in 2023. A small exploration program was conducted on the Silverknife property that was prioritized due to the fact that;

- the property is proximal to the Silvertip Mine (Coeur Mining Inc.) that is one of the highest-grade silver-lead-zinc carbonate replacement style deposits in the world. Coeur have noted that the area around Silvertip is highly prospective for additional CRD deposits.
- large conductivity anomalies identified in a 2021 airborne survey were identified and were coincident with gravity anomalies;

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- the geology including the McDame limestone underlies the northern part of the Silverknife property in the Tootsee North Zone. The McDame limestone is the host unit to the Silvertip deposit.

Due to these factors and others, the Company undertook an initial drill program focussed in the Tootsee South and Silverknife Prospect Zones. Lack of access prevented the Company to target areas of high exploration prospectivity in the Tootsee North area which remains the primary target on the property and is unexplored to date. Limited drilling on the property was conducted. Work on access to the Tootsee North area was initiated and planning is underway to complete access to facilitate exploration and drilling in the area in 2024 and beyond. Other targets in the central parts of the property where significant geochemical anomalies coincident with conductivity anomalies are yet to be explored and require detailed mapping and potentially a helicopter supported drill program. The Company expects it will take a few years of exploration on the Silverknife Property to fully determine the potential of the area.

Preliminary sampling and a data compilation effort have been completed on the Amy property. Results to date indicate that the property has considerable potential to host a high-grade silver-gold-lead-zinc carbonate replacement deposit.

The Company also 100 percent owns the Logjam property in south-central Yukon which has identified gold and silver potential. *The Logjam property is available for option.*

Newfoundland and Labrador

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.

The Company initially optioned three properties Terra Nova, Rodney Pond and Bridal Veil. In 2023 it released its options on Terra Nova and Rodney Pond in an effort to rationalize property holdings. However, it secured a 100 percent interest in the Bridal Veil property, located a mere 15 kilometers east of the Queensway project, that has been identified by the Newfoundland Geological Survey as having the potential to host orogenic gold. CMC 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. *The Bridal Veil property is available for option.*

Further details and technical reports on these properties are available on the Company website at www.cmcmetals.ca and have also been presented in previous management discussions.

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

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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 September 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. As of November 30, 2023, following the sale of the subsidiary, the Company no longer owns the Bishop Mill Property (Note 3) and incurred \$5,333 in clean-up costs for the property.

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 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 December 31, 2023, the Company had working capital of \$298,914 (September 30, 2023 working capital deficiency – \$578,067), had not yet achieved profitable operations, has accumulated losses of \$31,529,243 (September 30, 2023 - \$32,322,837) since its inception and expects to incur further losses in the development

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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 three months ended December 31, 2023:

On October 23, 2023, the Company issued 350,000 common shares at a fair value of \$24,500 pursuant to the Bridal Veil property option agreement.

On November 8, 2023, the Company issued 3,571,400 FT units at a price of \$0.07 per FT unit for aggregate gross proceeds of \$249,998. Each FT unit consists of one FT share of the company and 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 \$0.10 per share on or before November 8, 2025. In connection to the financing, the Company paid a finders fees of \$15,000 and issued 214,284, non-transferable finders’ warrants exercisable at \$0.07 per share expiring on November 8, 2025. The Company fair value the finders’ warrants at \$6,430 using the Black-Scholes Option Pricing Model with the following assumptions: risk free interest rate – 4.17%; annual dividends - nil; expected life - 24 months; expected stock price volatility- 114%. The Company recognized a flow-through premium of \$35,714 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.

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Annual Information

The following is a summary of the results of financial operations of the Company for the years ended September 30, 2023, 2022, and 2021.

	September 30, 2023	September 30, 2022	September 30, 2021
Revenues	Nil	Nil	Nil
Operating expenses	\$(3,633,739)	\$(4,442,610)	\$(3,124,826)
Net loss and comprehensive loss for the year	\$(3,494,643)	\$(4,269,431)	\$(3,040,580)
Total assets	\$946,212	\$1,711,256	\$1,019,449
Total long term debt	\$607,694	\$607,961	\$417,368
Cash dividends declared per share	N/A	N/A	N/A

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 12/31/2022	Quarter Ended 09/30/2022	Quarter Ended 06/30/2022	Quarter Ended 03/31/2022
Net Income (loss)	\$(416,008)	\$(2,327,389)	\$(819,114)	\$(425,164)
Income (loss) per share	\$(0.00)	\$(0.03)	\$(0.01)	\$(0.00)

	Quarter Ended 12/31/2023	Quarter Ended 09/30/2023	Quarter Ended 06/30/2023	Quarter Ended 03/31/2023
Net Income (loss)	\$793,594	\$(1,335,896)	\$(864,610)	\$(878,128)
Income (loss) per share	\$0.01	\$(0.01)	\$(0.01)	\$(0.01)

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.

During the quarter ended September 30, 2023, the net loss included \$1,129,924 in exploration expenditures.

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During the quarter ended December 31, 2023, the net income included \$1,708,842 in gain of sale of subsidiary and \$528,940 in bad debt.

Results of Operations:

During the three months ended December 31, 2023:

There was no source of revenue for the Company during the three months ended December 31, 2023. During the three months ended December 31, 2023, the Company recorded a net income and comprehensive income of \$793,594 as compared to the net loss and comprehensive loss of \$416,008 for the comparable quarter. Total expenses for the current quarter was \$381,086 as compared to \$440,284 for the comparable quarter. The majority of the expenses related to the following:

Total exploration expenditures for the current year were decreased to \$171,477 as compared to \$285,065 for the comparable quarter. A majority of the exploration expenditures were spent on the Amy and Silverknife property to complete the drilling program.

	Silver Hart	Bishop Mill	Bridal Veil	Amy and Silverknife	Blue Heaven	Total
Costs incurred during the period:						
Acquisition costs	\$ -	\$ -	\$ 24,500	\$ -	\$ -	\$ 24,500
Accommodation	-	-	-	10,000	-	10,000
Contractors	-	-	-	38,668	-	38,668
Clean up costs	-	5,333	-	-	-	5,333
Drilling	301	-	-	74,061	-	74,362
Field office	403	-	-	4,434	3,750	8,587
Travel expenses	-	-	-	10,027	-	10,027
For the three months ended December 31, 2023	\$ 704	\$ 5,333	\$ 24,500	\$ 137,190	\$ 3,750	\$ 171,477

Marketing fees have decreased to \$21,274 as compared to \$33,691 for the comparable quarter. During the current quarter, the Company did not engage new consultants for marketing and investor relations.

The above decreases were offset by the following increases in expenses during the quarter.

Consulting fees have increased to \$140,725 as compared to \$41,000 for the comparable quarter. During the current quarter, the Company engaged new consultants for corporate advisory and administrative services.

Share-based payments for the quarter was \$19,475 as compared to \$Nil for the comparable quarter. During the current quarter, the Company granted 2,100,000 stock options to directors and consultants of the Company which was fair valued at \$126,420. The Company fair valued these stock options using the Black-Scholes Option Pricing Model. Share-based payments is a non-cash transaction.

Other items

On November 30, 2023, pursuant to the sale agreement dated September 15, 2023, the Company completed the sale of its wholly-owned subsidiary, 0877887 B.C. Ltd., and all of assets, rights and responsibilities of

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the Bishop mill located in California, United States, with 1436132 B.C. Ltd. (“Purchaser”), a private Canadian company. As consideration, the Company will receive an aggregate of US\$270,000 in cash and \$600,000 in common shares of the Purchaser. As a result of the timing of the payments the Company discounted the cash to \$319,152 and the shares to \$528,940 using a discounting factor of 10%. As at December 31, 2023, the Company determined that \$528,940 receivable in common shares of the Purchaser as impaired, and therefore, during the three months ended December 31, 2023, the Company recorded a bad debt of \$528,940. During the quarter, the Company reported a gain on sale of subsidiary of \$1,708,842.

During the quarter, the Company received \$249,998 from the issue of flow-through shares. A flow through premium liability of \$35,714 was recognized and the Company recognized \$6,750 as other income and has \$28,964 in flow-through premium and a commitment to incur an additional \$202,750 in exploration expenditures as at December 31, 2023.

Fourth Quarter

N/A

Related Party Transactions

Off Balance Sheet Agreements

None

Proposed transactions

None

Subsequent event

On January 17, 2024, the Company has filed a lawsuit in the Supreme Court of British Columbia against its former CFO, claiming that he misappropriated the Company’s money. The Company is seeking the court-ordered return of \$67,775.

On February 1, 2024, the Company issued 2,000,000 common shares pursuant to the Amy and Silverknife property option agreement.

On December 20, 2023 and amended on February 1, 2024, the Company entered into a share purchase agreement with Sailfish Royalty Corp. (“Sailfish”), that grants the option to acquire all of the issued and outstanding shares of Swordfish Silver Corp., through Sailfish de Mexico SA de CV, holds the mineral rights of the Gavilanes silver exploration property located in the municipality of San Dimas, state of Durango, Mexico. Upon entering into the agreement, the Company subsequently reimbursed Sailfish for certain fees incurred by Sailfish with respect to the property in the 2023 calendar year in the amount of US\$9,903.

As consideration, the Company will pay an aggregate of US\$3,500,000 in cash and issue equity as follows:

- Issue 1,000,000 common shares on the date of TSXV acceptance;
- US\$500,000 plus issue \$700,000 in common shares on or before March 31, 2024;

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- US\$500,000 plus issue \$500,000 in common shares on or before March 31, 2025;
- US\$500,000 on or before March 31, 2026; and
- US\$2,000,000 on or before March 31, 2027.

The Company is committed to incurring exploration expenditures on the property totaling \$5,000,000 as follows:

- \$1,000,000 on or before March 31, 2025;
- \$1,500,000 on or before March 31, 2026; and
- \$2,500,000 on or before March 31, 2027.

The Company, in lieu of many any further option payments, immediately purchase all the shares by paying to Sailfish US\$4,000,000 in cash less any cash payments made to Sailfish.

There is a 1.5% NSR on unencumbered grounds and 0.5% NSR on encumbered grounds of which 1% can be purchased at any time by the Company from the optionors for \$3,000,000.

The agreement is pending TSXV approval.

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 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, 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.

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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.

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.

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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 \$298,914 as at December 31, 2023 (September 30, 2023 working capital deficiency - \$578,067). 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 December 31, 2023 and of the date of the MD&A, the Company had the following shares or equities outstanding.

Security description	As at	
	December 31, 2023	MD&A date
Common shares – issued and outstanding	146,207,564	148,207,564
Share purchase warrants 1 for 1 basis	23,395,224	23,395,224
Stock options	7,460,000	7,460,000
Common shares – fully diluted	177,062,788	179,062,788

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

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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.