

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**General**

The following Management Discussion and Analysis of Financial Condition and Results of Operations, prepared May 29, 2019, should be read in conjunction with the accompanying consolidated financial statements and 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 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.

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

The consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34 and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated year-end 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.

**Discussion of Operations and Financial Condition**

**Operations Summary**

**Silver Hart Property, Yukon:**

During the start of the 2010 fiscal year, the Company retained a qualified geologist to prepare a National Instrument 43-101 report on the Silver Hart Property. This effort fulfilled the requirements established by the

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Operations Summary (cont’d)**

**Silver Hart Property, Yukon: (cont’d)**

British Columbia Securities Commission of September 3, 2009 and a subsequent Cease Trade Order of January 15, 2010, and the Company’s shares were reinstated for trading on the TSX-V on February 4, 2010.

During the 2011 fiscal year, the Company continued its efforts to advance the development of the Silver Hart Property by initiating a permitting effort for a mine and mill at the site. The development application was submitted to the Yukon Environmental and Socio-economic Assessment Board (“YESAB”), Executive Committee (“ExCom”), on February 8, 2010 for pre-screening and an evaluation of the completeness of the application. Additional water quality and hydrological studies were undertaken to support the application based on discussions with YESAB. Further information requests by YESAB were made to the Company. The Company evaluated these requests and determined that the cost and time frames required to complete the necessary studies were significant and as a result it was decided that the development application with YESAB should be withdrawn. The application was withdrawn from YESAB on June 3<sup>rd</sup>, 2011.

Despite the withdrawal of the development permit, the Company was still permitted to undertake exploration activities, and in 2011 they extracted a logistical 130.8 dry tonne bulk sample from the Silver Hart Property and received \$445,000 (USD). During the 2012 fiscal year, the Company extracted a second bulk sample of 114.1 dry tonnes and received \$311,401 (USD) pursuant to a letter of credit with the purchaser of the bulk sample. A third shipment of 268.6 dry tonnes was shipped in April, 2013, and the Company received \$205,885 (USD).

Subsequently, the Company has completed a number of additional exploration efforts including drilling, geophysical and geochemical studies and completed modelling of the known deposits in a 3-D geological model that will help guide future efforts to expand the known resources at Silver Hart and identify new potential areas for exploration. On February 21, 2019, the Company submitted an application for a Class 3 Exploration permit for 2019-2024 to be able to conduct a range of additional exploration activities with the objective to better define and expand the known high grade silver-lead-gold polymetallic and carbonate replacement deposits that occur on the Silver Hart claims. The application proposes to conduct additional exploration drilling and a range of other geological studies to fully evaluate the known mineralized zones and to conduct a detailed assessment of the exploration potential of the remaining areas of the property that have been relatively unexplored. In addition, in the 2019 field season, the Company hopes to complete environmental and engineering studies on major creek crossings on the public access road that enables access to the site in order to have the necessary information to submit an application to upgrade the access road. Upgrading of the access road is necessary to support future activities such as additional bulk testing, site reclamation, and other pre-development activities that the Company hopes to undertake in 2020 and beyond.

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

On March 15, 2010, the Company signed a Purchase Agreement for the Bishop Mill facilities located 8 miles north east of Bishop, California. The purpose of the asset acquisition was based on the Bishop Mill being the only current permitted facility in Inyo County, California as it was expected that several permitted active mines would require processing at the Bishop Mill facility. While negotiating with several mine owners in the region to establish joint venture agreements, the Company completed an Amended Plan of Operation (“POO”) and submitted it to the US. Bureau of Land Management (“BLM”) and the California State Water Resources Agency for approval to develop a new Class “A” Tailings Pond. The larger tailings pond required to have an updated California Environmental Quality Assessment and a National Environmental Protection Assessment conducted for the site which was included in the POO. The POO was submitted on December 23, 2010 and approval was received on May 13, 2011. The Lahontan Water Board (“LWB”) as the

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Operations Summary (cont’d)**

**Bishop Mill Processing Facility, Bishop, California (cont’d)**

responsible authority for the California State Water Resources Agency, issued a Waste Discharge Requirements Permit (“WDR”) which outlined the terms and conditions that need to be fulfilled prior to the construction of the Tailings Management Facility (“TMF”) and any subsequent discharges of waste into that facility. During this time, these regulatory agencies also completed an assessment of tailings buried at the mill site by the previous operator and determined on December 23, 2011, that the tailings were non-toxic and required no further site reclamation.

This determination on the previous waste enabled the BLM to complete its environmental assessment of the Amended POO, and on May 3, 2013 the Company received confirmation that the NEPA assessment was completed and the approval of the filed Plan of Operation with the BLM was granted. On February 20, 2014, the Company received final acceptance of construction plans for the TMF from the LWB. Construction of the TMF commenced in March, 2014, and was completed in September, 2014, with the exception of the installation of a lysimeter-equipped monitoring station adjacent to the sub-liner sump. Groundwater monitoring wells were also completed and are designed to monitor any potential ground water effects from the TMF. The lysimeter installation is easy to complete and with a prospective feed source for the mill, could be completed at short order along with any necessary mill adjustments to the flow sheet required by the composition of the potential ore feed. Otherwise the TMF is completed with the installation of the pond geo-membrane liner in January 2015, and bird netting has been purchased.

The mill has an operational capacity of 96 tons per day (4 tons per hour). On June 2015, the Company received an acceptance of the preliminary closure and post closure maintenance plan with LWB. The Company continues to seek opportunities with prospective mining operations in east-central California and western Nevada with the intention to identify an ore feed source for the mill and place it into operation.

On September 6, 2018, the Bureau of Land Management, Bishop Field Office, issued a letter to the Company identifying compliance deficiencies related to waste at the site left from the previous operator. The Company has since contained all of the waste in a containment facility stored inside the mechanical building, completed a significant clean-up effort of the site, and has selected a professional waste management consultant to complete an assessment of the waste and prepare a plan for the disposal of all waste at the site for approval by the BLM and LWB. This work is being conducted in the summer of 2019 and it is expected that the site clean-up will be completed once approval of the waste management disposal plan has been provided by the BLM and LWB which is anticipated to be completed by year end.

**Radcliff Property, Inyo County, California**

On March 1, 2011, the Company entered into a Letter of Intent (“Radcliff LOI”) with Pruett Ballarat Inc. (“PBI”), to acquire up to a 50% interest in the Radcliff Property development located in Inyo County, California. PBI held an option agreement to develop the Radcliff Property and proposed to process the Radcliff ore at the Company’s Bishop Mill facility.

On December 19, 2011, the Company and PBI entered into an Acquisition Agreement with WB & Radcliff Inc. to acquire the claims which comprised the Radcliff Property. The Company provided technical and financial assistance to the advancement of the Radcliff Mine and in June, 2012 it was determined that a second adit was needed to properly develop the mineralized structure systematically. It was also considered prudent at that time that further mine development be suspended until such time that the WDR Permit and approval of the TMF construction (described in the previous section) were received by the Company. After the approvals were

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Operations Summary (cont’d)**

**Radcliff Property, Inyo County, California (cont’d)**

received, in May, 2013 the Company initiated the construction and commissioning of the mill facilities to recommence the development of the Radcliff Mine in March, 2014.

The mine development at the Radcliff included the construction of a new adit towards high grade gold intercepts that had been identified through exploration drilling. The operator produced a bulk sample in the fourth quarter of 2016. A significant portion of this material, approximately 480 US tonnes, was delivered to the Midas Mine Mill complex owned by Klondex Mines Ltd., however the project was then suspended.

On July 4, 2018, the Company announced that due to the low cutoff grade and low resource estimate expectation of the Radcliff Mine, the Company had relinquished its interest in the Radcliff Property and ended its joint venture.

**Leasing of the Silver Hart Portable Flotation Plant**

On July 19, 2016, the Company entered into an agreement to lease its portable Silver Hart Flotation Plant (the “Plant”) to MGX Minerals Inc. (“MGX”), a public company listed on the TSX Venture Exchange, for an initial period of six months, which lease term was subsequently extended to April 30, 2018. Pursuant to the terms of the lease agreement, MGX was permitted to transport the Plant at its own cost to Cranbrook, British Columbia, from its location in the Yukon to conduct a bulk sample at its Driftwood Creek magnesium project. MGX was also obligated to pay all costs to bring the Plant into operational condition.

As compensation for the use of the Plant, MGX issued to the Company 300,000 common shares during fiscal year end 2016, which shares were sold netting the Company \$542,433.

On July 20, 2017, the Company renewed its agreement with MGX to continue the lease of the Plant at its current location for a further twelve months to April 30, 2018. In consideration of the further lease of the Plant, MGX made a \$15,000 cash payment and issued the Company a further 100,000 common shares on October 27, 2017, which shares were sold netting the Company \$134,509.

The Company further negotiated with MGX to extend the term of the lease from April 30, 2018 to April 30, 2019 by Letter Agreement dated July 31, 2018, pursuant to which the Company received a cash payment of \$15,000 and received a further 100,000 common shares of MGX issued on August 22, 2018, which shares were sold for net proceeds of \$42,537.

As of the date of this Management Discussion and Analysis Form, the Company has entered into further discussions with MGX to extend the term of the Lease for another year, to April 30, 2020, for a further cash payment of \$15,000 and the issuance of a further 100,000 common shares.

**Property Acquisitions**

**Bishop Mill, Inyo County, California**

On April 15, 2010, the Company entered into a sale and purchase agreement to acquire a 100% interest in certain claims, buildings, water rights and machinery, comprising the Bishop Mill site located near Bishop, east-central California.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Property Acquisitions (cont’d)**

**Bishop Mill, Inyo County, California (cont’d)**

As consideration, the Company made the following payments:

- \$156,345 (US\$150,000) on March 19, 2010, of which \$89,574 was allocated towards the acquisition costs and \$66,771 towards a reclamation bond required by the US Bureau of Land Management (“BLM”) for the mill facility.
- A payment of \$100,533 (US\$100,000) completed on April 15, 2010

Upon completion of the above payments, the Company assumed a US\$68,160 (CDN\$68,523) liability, which represented a loan used towards the remaining amount required by the BLM for the reclamation bond.

The reclamation bond was transferred to the Company upon repayment of the loan in full which occurred in April, 2011, and increased to \$136,747 (US\$133,663) as of September 30, 2012. As the reclamation bond amounts are updated regularly, and in most instances on an annual basis, on September 30, 2013, an additional amount of \$1,453 (US\$1,442) was submitted by the Company to BLM.

On December 17, 2013, the BLM conducted a detailed assessment of a reclamation cost estimate for the Bishop Mill site which resulted in a request to the Company to increase the bond to \$196,046 (US\$191,269). Subsequently, the Company has been fulfilling all of the annual increases by the BLM for the mine reclamation bond, and as of March 31, 2019, the Company has provided the BLM with a reclamation bond of \$258,222 (US\$193,237). The Company has entered into discussions with the BLM to see if the bond can be held in an interest bearing account, the annual interest therefrom could possibly offset the annual increases required by the BLM towards the bond.

**Logjam Property, Yukon Territory, Canada**

The Company entered into an option agreement dated May 30, 2006 (the “Logjam Option Agreement”), to acquire a 100% interest in the Logjam Property located in the Watson Lake Mining District, Yukon Territory. As consideration, the Company paid \$5,000 upon execution of the agreement for access rights.

During the year ended September 30, 2010, the Company issued 50,000 common shares at a fair value of \$8,500 to complete the acquisition of a 100% interest in the Logjam Property.

Further, pursuant to the Logjam Option Agreement, the Company will pay an additional amount of \$100,000 or issue 100,000 common shares if an assessment is made that the property contains not less than 350,000 tons of economic grade ore.

As of March 31, 2019, the Logjam claims remain in good standing. A visit was made to the site in 2018 by a consultant geological firm who collected several samples that indicated the property has good potential to host a polymetallic deposit. In previous years, the Company has written the exploration and evaluation asset costs related to the Logjam Property to \$Nil. The Company plans to re-evaluate the Logjam Property in the 2019 exploration season and develop a detailed plan of the property by year end.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Property Acquisitions (cont’d)**

**Silver Hart Property, Yukon, Canada**

On February 21, 2005, the Company acquired a 100% interest in the Silver Hart Property located in the Watson Lake Mining District, Yukon Territories from an arm’s length individual who subsequently became a director and officer of the Company.

On March 1, 2007, the terms to the Silver Hart Property agreement were amended. The Company acquired a 100% interest in the Silver Hart Property from the director and officer of the Company for a total of \$995,000 with interest accruing commencing January 1, 2007 at 8.5% per annum, with accrued interest being payable on the date of the last principal payment.

Pursuant to the March 1, 2007 agreement, as amended, payments were due as follows:

- \$50,000 upon execution of the original agreement (paid);
- \$75,000 within five days of July 5, 2005 (paid);
- \$100,000 on April 5, 2006 (paid);
- \$100,000 on January 5, 2007 (paid);
- \$100,000 on July 5, 2007 (paid);
- \$100,000 on January 5, 2008 (paid);
- \$100,000 on July 5, 2008 (paid);
- \$100,000 on January 5, 2009 (amended – due on September 30, 2017);
- \$100,000 on July 5, 2009 (amended – due on September 30, 2017); and
- the balance of the principal of \$270,000, extension fees and accumulated interest on September 30, 2011 (amended – now due on September 30, 2019).

The Company granted a first charge on the mineral property as security for the payments.

On January 5, 2010, the terms of the Silver Hart Property agreement, as amended, were revised such that the payments of \$100,000 due on January 5, 2009 and July 5, 2009 were extended to March 31, 2011. In addition, the balance of the principal of \$270,000 and the accumulated interest to be paid on January 5, 2010 was extended to March 31, 2011. In exchange, the Company is obligated to pay an extension fee of \$50,000, which had been recorded as long-term debt.

On September 30, 2010, the terms of the Silver Hart Property agreement, as amended, were revised once again such that the expiration date wherein the balance of both principal and accrued interest was extended from March 31, 2011 to March 31, 2012 for an extension fee of \$35,000, which fee was applied to the principal balance owing as of September 30, 2010 as long-term debt.

On January 26, 2011, the terms of the Silver Hart Property agreement, as amended, were revised once again such that the expiration date wherein the balance of both principal and accrued interest was extended from March 31, 2012 to September 30, 2012 upon receipt by the vendor of a principal payment of \$100,000 (paid).

On September 30, 2012, the terms of the Silver Hart Property agreement, as amended, were revised once again such that the expiration date wherein the balance of each of the principal, accrued interest and extension fees was extended from September 30, 2012 to September 30, 2013. On September 24, 2013, the terms of the agreement were further revised such that the expiration date for the balance of the principal, accrued interest and extension fees were extended from September 30, 2013 to September 30, 2014. On September 24, 2014, the terms of the

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Property Acquisitions (cont’d)**

**Silver Hart Property, Yukon, Canada (cont’d)**

agreement were further revised such that the expiration date for the balance of the principal, accrued interest and extension fees were extended from September 30, 2014 to September 30, 2015, and again on September 24, 2015, the terms of the agreement were further revised so that the expiration date for the balance of the principal, accrued interest and extension fees were extended from September 30, 2015 to September 30, 2016, which terms were extended again from September 30, 2016 to September 30, 2017 by agreement dated September 24, 2016. The terms of the agreement were further revised by letter dated September 24, 2017, such that the expiration date for the balance of the principal accrued interest and extension fees were extended from September 30, 2017 to September 30, 2018 and again by letter agreement dated September 24, 2018, extending the expiration date for the balance of principal accrued interest and extension fees to September 30, 2019.

The principal balance owing pursuant to the Silver Hart Property agreement including accrued interest and extension fees as of September 30, 2018 was \$859,573 (September 30, 2017 - \$857,667).

On August 15, 2017, the Company issued 400,000 common shares with a fair value of \$300,000 pursuant to its obligation to issue those shares pursuant to the March 1, 2007 agreement.

During the year ended September 30, 2013, the Company reviewed the carrying amount of the Silver Hart Property to determine whether there is any indication of impairment. An impairment loss of \$2,695,582 was recognized in the statement of comprehensive loss.

During the year ended September 30, 2014, the Company further impaired the Silver Hart Property to its estimated recoverable amount of \$405,000.

During the year ended September 30, 2015, the Silver Hart Property was fully impaired and the management recorded an impairment loss of \$459,197 in the statement of comprehensive loss.

As of September 30, 2018, the Company did not abandon these claims and in June of 2017 commenced a work program on the Silver Hart Property wherein the Company incurred and renounced \$461,154 during the year ended September 30, 2017, and incurred and renounced a total of \$482,965 in calendar year 2017. The Company renounced \$17,035 pursuant to the look back rule in exploration expenditures from a total of \$500,000 raised pursuant to a flow-through private placement which closed July 17, 2017, for the purpose of further work to be performed on the Silver Hart Property.

By letter dated January 8, 2015, the Yukon Energy, Mines and Resources issued an Inspector’s Direction to the Company pursuant to which the Company was to commence reclamation proceedings on the Silver Hart Property to the satisfaction of the Inspector prior to February 15, 2016, unless the Company completes an exploration permit prior to commencement of reclamation. The Company had not reclaimed the Silver Hart Property prior to February 15, 2016 due to access issues to the Property and is working with the Yukon Government to come to an agreement on a go-forward basis.

The Company received notice from the Yukon Territory on August 5, 2016 “extract summons details” to appear in regard to the rehabilitation work detailed for the Silver Hart camp: work has been delayed owing to the washing out of certain segments of road servicing the camp, and the Company is working with service providers and with other companies requiring access using the shared segments of the road to make repairs so as to be compliant with requirements. The Company’s legal representation appeared before a Magistrate in

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Property Acquisitions (cont’d)**

**Silver Hart Property, Yukon, Canada (cont’d)**

Watson Lake on October 5, 2016 to enter a not guilty plea on its behalf. This matter was set for trial in Whitehorse for three days commencing August 29, 2017, but was delayed due to a subsequent agreement with the Yukon Government. The Company reached an agreement with the Yukon Territory and the matter did not proceed to trial. As a result of the settlement, the Company has increased its restoration and environmental obligations to \$146,000 on the Silver Hart Property. The Company will continue to work towards satisfying the requirements of the Yukon Territory.

**Portable Mill**

As previously noted, the portable mill is leased to MGX and is debt free. As stated, the Company is in discussions with MGX on a new lease agreement.

**Golden Point Property**

On September 29, 2017, the Company, as Purchaser, entered into a Letter Agreement with James Douglas Rogers, as Vendor, for an option to purchase a 100% interest in and to 87 claims totalling 1,518 hectares in the Skeena Natural Resource Region located in Northwestern British Columbia. In consideration of the option, the Company was required to pay \$3,000 cash (paid October 12, 2017), and was to issue 33,333 common shares of the Company to the Vendor. The Company decided not to complete any further payments negating the option agreement and allowed the claims to return to the Vendor.

**Radcliff Property**

On March 1, 2011, the Company entered into a Letter of Intent (“Radcliff LOI”) with PBI, to acquire up to a 50% interest in the Radcliff Property development located in Inyo County, California for a total purchase price of US\$600,000.

On March 2, 2011, the Company paid to PBI US\$150,000 (CDN \$148,305) of a total US\$300,000 due in payment of an initial 25% interest, and paid the balance of US\$150,000 owing by paying US\$75,000 (CDN\$73,253) on April 26, 2011 and US\$75,000 (CDN\$72,600) on May 26, 2011.

The Company completed the payment for the initial 25% interest and at September 30, 2011, had the option to purchase an additional 25% interest in the Radcliff Property for a further US\$300,000. The option was set to expire on December 31, 2013. On November 15, 2011, the Company and PBI entered into an amended letter agreement whereby the remaining 25% interest could be acquired by advancing US\$150,000 to PBI. The Company paid US\$100,000 (CDN \$100,000) and the remaining US\$50,000 was deemed by PBI to have been considered paid through performance of services. Accordingly, the Company has exercised its option for the 50% interest.

On February 27, 2012, the Company entered into an amendment to the letter of agreement with PBI, wherein PBI transferred certain equipment to the Radcliff joint venture for an agreed value of US\$342,500. The Company would match the US\$342,500 commitment by making financial contributions towards the development of the property. On June 22, 2012, the total financial contribution to be made by the Company was amended to US\$271,000. The Company completed its contribution on June 22, 2012.

On April 16, 2012 the transaction pursuant to the Acquisition Agreement closed and the Radcliff Property was

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Property Acquisitions (cont’d)**

**Radcliff Property (cont’d)**

title registered 50% to the Company, after payment of an additional US\$100,000 (CDN \$100,000) (paid) on April 11, 2012. Furthermore, the Company and PBI agreed that the Company will pay for all of the consideration to acquire the additional claims. In consideration, the Company will be reimbursed the funds from revenues generated from the Radcliff Property

On April 18, 2012, the Company entered into a Promissory Note Agreement, whereby the Company agreed to pay the remaining US\$800,000 (the “Promissory Note”) by June 15, 2012. Any amounts unpaid by June 15, 2012 would be subject to an interest rate of 7% per annum (amended from 10% on November 16, 2012). The Promissory Note is secured by a Deed of Trust. Should such property be sold or conveyed prior to the maturity date, the entire amount will become immediately due and payable without notice.

On September 14, 2012, the Promissory Note was amended and the Company paid US\$150,000 (CDN\$150,150) towards the Promissory Note.

On November 16, 2012, the Promissory Note was further amended as follows:

- US\$50,000 (CDN\$50,050 paid) due on execution of the amendment;
- US\$50,000 (CDN\$50,000 paid) due on or before February 28, 2013;
- US\$50,000 (CDN\$50,050 paid) due on or before April 30, 2013; and
- US\$500,000, and all accrued interest due on or before August 31, 2013.

In consideration of the amendments, the Company was required to pay a US\$50,000 (CDN\$50,775) extension fee (the “Extension Fee”), which was recorded in the statement of comprehensive loss during the year ended.

September 30, 2014. As at August 31, 2013, the Company did not make the payment of US\$50,000, and as a result the extension fee commenced bearing interest.

As of September 30, 2017, the outstanding Promissory Note included a principal balance of \$624,000 (US\$500,000), an extension fee of \$62,400 (US\$50,000) and accrued interest of \$333,088 (US\$268,291). During the year ended September 30, 2017, the Company recorded interest expense of \$72,140.

The Promissory Note had been in default for several years and was secured by a deed of trust covering the Radcliff Property.

As of June 1, 2018, the Company assigned its interest in the Radcliff Property to the noteholder who sold the rights to a third party, Bush Management Company, thereby settling the Promissory Note. Bush Management Company, had commenced proceedings to appoint a Receiver, which was granted by order dated April 20, 2018. An offer was made by the Company to Quit Claim the property to the Bush Management in exchange for a release of all liability under the Note. As of June 1, 2018, the offer was accepted and a Settlement Agreement entered into. The Company has assigned its interest in the Radcliff Property to Bush Management Company by Quit Claim as of June 1, 2018.

The total balance settled was comprised of a principal balance of \$624,000 (US\$500,000), an extension fee of \$62,400 (US\$50,000) and accrued interest of \$392,781 (US\$314,728). During the year ended September 30, 2018, the Company recorded interest expense of \$59,693.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Property Acquisitions (cont’d)**

**Radcliff Property (cont’d)**

The Company fully impaired the Radcliff Property in previous years. Accordingly, the Company recorded a gain on settlement of debt of \$1,079,181.

**Share Roll-Back**

On September 27, 2018, the Company completed a rollback of its issued and outstanding common shares on the basis of one (new) post rollback share for each two and one-half (old) pre-rollback shares. The Company had 45,320,139 common shares issued and outstanding. Following the rollback, the Company has 18,128,055 common shares issued and outstanding.

The exercise or conversion price and the number of common shares issuable under any of the Company's outstanding warrants and stock options have been proportionately adjusted to reflect the rollback in accordance with their respective terms thereof. No fractional common shares were issued pursuant to the rollback, and any fractional common shares that would otherwise be issued were rounded down or up to the nearest whole number.

**Share Issuances**

On June 21, 2018, the Company issued 275,000 common shares pursuant to the exercise of incentive stock options at \$0.125 per share.

On March 19, 2018, the Company issued 700,000 common shares pursuant to the exercise of incentive stock options at \$0.125 per share.

During the year ended September 30, 2018, 260,000 warrants were exercised for proceeds of \$78,000. During the year ended September 30, 2018, 810,000 options were exercised for proceeds of \$101,250 of such stock options. Accordingly, the Company reallocated \$32,827 from share-based payment reserve to share capital upon exercise.

In July 2017, the Company completed a non-brokered flow-through private placement of a total of 2,000,000 units at \$0.10 per unit, for gross proceeds of \$500,000. On issuance, the Company bifurcates the flow-through shares into: i) a flow-through share premium that investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. The Company determined there was no share premium upon issuance of the flow-through shares. Each unit consists of one flow-through common share of the Company and one non-flow-through share purchase warrant, which shares and warrants were issued on July 17, 2017. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$0.12 per share for a period of one year, expiring July 17, 2018. The warrants have an acceleration clause for the exercise to be the earlier of a 30-day period from the seventh calendar day after the Company's shares have closed with a trading price of \$0.20 per share for a consecutive ten-day period, or July 17, 2018, whichever date occurs first.

Proceeds received on the issuance of units, consisting of common shares and share purchase warrants are allocated between the common share and warrant component. Accordingly, the Company allocated a fair value of \$125,671 to the warrants issued in connection with the private placement, which has been recorded in the share-based payment reserve. The weighted average assumptions used for the Black-Scholes Option Pricing Model were annualized volatility of 109%, risk-free interest rate of 1.2%, expected life of 1 years and a dividend rate of Nil.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Share Issuances (cont’d)**

During the year ended September 30, 2018, there were no shares issued in settlement of outstanding debt. On January 15, 2019, the Company announced its intention to settle approximately \$1,100,000 worth of debt by way of issuance of approximately 900,000 common shares at \$0.125 per share, subject to regulatory approval. As of the date of this Management Discussion and Analysis form, approval to the transaction had not been received.

**Results of Operations**

The following discussion and analysis explains 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 year ended September 30, 2018, and for the years ended September 30, 2017 and September 30, 2016.

	Year Ended September 30, 2018	Year Ended September 30, 2017	Year Ended September 30, 2016
Revenues	Nil	Nil	Nil
Expenses General & Administrative	\$(567,294)	\$(1,962,838)	\$(1,622,118)
Amortization	Nil	Nil	Nil
Net Gain (Loss)	\$535,858	\$(1,362,257)	\$(1,614,593)
Working Capital (Deficiency)	\$(1,936,305)	\$(2,808,904)	\$(2,429,318)
Property, plant & equipment	Nil	Nil	Nil
Exploration and evaluation assets	Nil	Nil	Nil
Total Assets	\$358,837	\$344,202	\$544,850
Long Term Liabilities	\$Nil	\$Nil	\$14,000
Shareholder Equity			
Number of common shares	18,128,055	17,058,055	13,818,056
Share Capital	\$18,608,267	\$18,386,139	\$17,410,092

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Quarterly Information**

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

	Quarter Ended 06/30/2017	Quarter Ended 09/30/2017	Quarter Ended 12/31/2017	Quarter Ended 03/31/2018
Net Income (loss)	\$(288,780)	\$(1,396,388)	\$188,078	(\$229,242)
Income (Loss) per share	\$(0.01)	\$(0.04)	\$0.00	\$(0.01)
	Quarter Ended 06/30/2018	Quarter Ended 09/30/2018	Quarter Ended 12/31/2018	Quarter Ended 03/31/2019
Net Income (loss)	\$993,526	\$(416,504)	\$164,442	\$(109,491)
Income (loss) per share	\$0.01	\$(0.03)	\$0.01	\$(0.01)

**Management Discussion and Analysis**

***Quarter Ended March 31, 2019 Compared to Year Ended September 30, 2018***

As of March 31, 2019, the Company had total assets of \$306,941 compared with \$358,837 at September 30, 2018. The Company had a working capital deficiency at March 31, 2019 of \$1,951,094 compared to a working capital deficiency of \$1,677,161 as at September 30, 2018.

***Quarter Ended March 31, 2019 Compared to Quarter Ended March 31, 2018***

As of March 31, 2019, the Company had total assets of \$306,941 as compared with \$421,624 at March 31, 2018. The Company had a working capital deficit at March 31, 2019 of \$1,951,094 compared to a working capital deficit of \$2,860,813 at March 31, 2018.

Total operating expenses during the quarter ended March 31, 2019 amounted to \$108,266 compared to \$210,230 for the quarter ended March 31, 2018. The (Income) per share for the quarter ended March 31, 2019 was (\$0.01) compared with an (Income) per share of (\$0.01) for the quarter ended March 31, 2018.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**General and Administrative (G&A)**

General and administration expenses were as follows:

For the quarter ended March 31, 2019,	<u>2019</u>	<u>2018</u>
Amortization	\$ 427	\$ 2,170
Consulting	11,425	22,461
Exploration and evaluation assets costs recovery	12,759	23,837
Filing and transfer agent fees	8,440	8,926
Financing Fee	-	1,461
Flow through share related taxes	8,575	8,578
Interest expense	25,857	37,083
Marketing	(9,983)	6,420
Office and miscellaneous	14,639	19,344
Professional fees	23,083	39,364
Rent	4,500	4,500
Stock-based compensation	-	35,974
Travel	8,545	112
	<u>\$108,266</u>	<u>\$210,230</u>

**Related Party Transactions**

During the six months ended March 31, 2019, the Company entered into the following transactions with related parties:

- a) incurred rent of \$9,000 (March 31, 2018 – \$9,000) to a company controlled by a director and officer of the Company;
- b) incurred secretarial fees of \$23,400 (March 31, 2018 - \$23,400) to a company controlled by a director and officer of the Company which was recorded in office and miscellaneous;
- c) incurred interest expense of \$36,107 (March 31, 2018 - \$35,390) to a director and officer of the Company, pursuant to the Silver Hart Property; and
- d) incurred interest expense of \$7,803 (March 31, 2018 - \$30) to two companies with a common director of the Company.

At March 31, 2019, a total of \$114,887 (March 31, 2018 - \$36,654) was owing to directors of the Company.

The Company incurred the following key management compensation charges:

	March 31, 2019	March 31, 2018
Consulting fees	\$Nil	\$2,000
Share-based payment	\$Nil	\$3,270

The only other related party transaction is that of the CMC Silver Hart Property acquisition. At the beginning of the transaction in February 2005, the Vendor, Michael Scholz, was arms-length to the Company and became non-arms-length on August 1, 2005 when he was appointed a director and the Chief Financial Officer of the Company.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Off Balance Sheet Agreements**

None

**Proposed transactions**

None

**Recent Accounting Pronouncements**

The Company did not adopt any new or amended standards for the year beginning October 1, 2016 that had a material impact on the consolidated financial statements. The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended September 30, 2017. The Company is currently evaluating the potential impacts of these new standards.

IFRS 9, *Financial Instruments* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

IFRS 16 *Leases* requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are “capitalized” by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. This standard is effective for reporting periods beginning on or after January 1, 2019.

There are no other IFRSs that are not yet effective that are expected to have a material impact on the Company.

**Liquidity & Capital Resources**

Cash as of March 31, 2019 was \$10,293, compared to \$4,103 for the year ended September 30, 2018. As at March 31, 2019, the Company had a working capital deficit of (\$1,951,094) compared to a working capital deficit of (\$1,677,161) as at the September 30, 2018 year end.

The Company will require additional capital to provide working capital and to finance its current and any proposed acquisition.

**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.

Subsequent to December 31, 2018, the Company continues to have a working capital deficiency. It is estimated that it may require approximately \$1.5 million in total working capital to continue to operate the Company and pay the liabilities of the Company, including all accrued liabilities.

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Risk, Uncertainties and Outlook (cont’d)**

The Company previously had paid employees through its US operations at the Bishop Mill, California through its wholly owned subsidiary company, 0877887 BC Ltd. Any workers at the Bishop Mill site are paid on a contract basis at this time.

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.

The Company has been performing reclamation activities on an on-going basis. As previously noted, the Company will examine reclamation requirements for the Silver Hart site during the 2019 exploration season as part of its ongoing discussions with Yukon and intends to complete the disposal of waste and contaminants at the Bishop Mill facility.

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 year end audited 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,

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

***Risk, Uncertainties and Outlook (cont'd)***

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. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

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 deficiency and the contractual maturities of all financial liabilities is less than one year.

***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. The fair value of the Company's cash accounts are relatively unaffected by changes in short term interest rates. The Company's debt has a fixed interest rate and is not affected by changes in interest rates.

**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 year.

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

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Risk, Uncertainties and Outlook (cont’d)**

**Classification of financial instruments**

Financial assets included in the statement of financial position are as follows:

	March 31, 2019 (Unaudited)	September 30, 2018 (Audited)
Loans and receivables:		
Cash	\$ 10,293	\$ 4,103
Reclamation deposits	258,693	250,601
	<u>\$268,986</u>	<u>\$254,704</u>

Financial liabilities included in the statement of financial position are as follows:

	March 31, 2018 (Unaudited)	September 30, 2018
Non-derivative financial liabilities:		
Trade payables	\$124,900	\$ 97,536
Accrued liabilities	28,108	28,108
Flow-through share related provisions	268,233	251,078
Flow-through premium liability	46,925	46,925
	<u>\$468,167</u>	<u>\$423,647</u>

**Share Capital**

As of May 29, 2019, the Company had 18,128,055 common shares issued and outstanding.

In addition, as at May 29, 2019 the Company had no outstanding warrants or stock options.

**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 are 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 not 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

**CMC METALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (“MD&A”)**  
**Quarter Ended March 31, 2019, as of May 29, 2019**  
(all figures in Canadian dollars)

**Forward-looking Statements (cont’d)**

these forward-looking statements in the even 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.