

CMC METALS LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2017
(Expressed in Canadian Dollars)
(Unaudited)

CMC METALS LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
(Unaudited)

	Note	June 30, 2017 (Unaudited)	September 30, 2016
ASSETS			
Current assets			
Cash		\$ 108,959	\$ 228,857
Receivables		16,512	11,769
Prepays		17,641	7,931
		<u>143,112</u>	<u>248,557</u>
Non-current assets			
Reclamation bonds	4	260,288	274,820
Exploration and evaluation assets	5	520,313	-
Plant and equipment	6	189,736	21,473
		<u>970,337</u>	<u>296,293</u>
TOTAL ASSETS		\$ 1,113,449	\$ 544,850
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	\$ 332,725	\$ 275,541
Due to related parties	12	21,926	23,875
Promissory note	8	1,043,180	995,710
Loans	9, 13	955,837	832,749
Preferred shares	10	500,000	500,000
Provision for restoration and environmental obligations	11	50,000	50,000
		<u>2,903,668</u>	<u>2,677,875</u>
Non-current liabilities			
Provision for restoration and environmental activities	11	14,000	14,000
		<u>14,000</u>	<u>14,000</u>
TOTAL LIABILITIES		2,917,668	2,691,875
SHAREHOLDERS' DEFICIENCY			
Share capital	12	17,434,092	17,410,092
Share subscriptions	12	500,000	-
Share subscriptions receivable	12	(261,400)	-
Obligation to issue shares	5	300,000	300,000
Share-based payment reserve		574,520	528,445
Deficit		(20,351,431)	(20,385,562)
TOTAL SHAREHOLDERS' DEFICIENCY		(1,804,219)	(2,147,025)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		\$ 1,113,449	\$ 544,850

Subsequent events - Notes 5 and 12

Approved on behalf of the Board:

"Ian Graham"

Ian Graham - Director

"Michael C. Scholz"

Michael C. Scholz - Director

See accompanying notes to the consolidated financial statements.

CMC METALS LTD.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(Expressed in Canadian dollars)

(Unaudited)

		For the Three Month Period Ended		For the Nine Month Period Ended	
	Note	June 30,		June 30,	
		2017	2016	2017	2016
EXPENSES					
Consulting fees	13	\$ 55,660	\$ 46,991	\$ 129,908	\$ 120,591
Exploration and evaluation costs recovered	3	-	-	(51,000)	-
Filing and transfer agent		869	12,824	12,180	25,822
Flow-through share related tax		8,578	5,499	25,734	22,655
Interest expense	8,9,13	35,194	41,416	112,402	124,399
Marketing		13,500	32,200	53,073	62,200
Office and miscellaneous	13	58,496	26,692	104,920	87,010
Professional fees		1,717	4,563	16,137	9,551
Rent	13	4,500	4,500	13,500	13,500
Travel		8,019	157	14,398	8,250
Stock-based compensation	12	46,075	-	46,075	-
Wages		-	(742)	-	17,992
		<u>(232,608)</u>	<u>(174,100)</u>	<u>(477,327)</u>	<u>(491,970)</u>
OTHER ITEMS					
Financing Fee		-	(19,853)	(7,466)	(19,853)
Gain on marketable securities	3	-	-	542,433	-
Gain (loss) on foreign exchange		3,827	(6,424)	(23,509)	6,879
Gain on settlement of debt		-	4,540	-	4,540
		<u>3,827</u>	<u>(21,737)</u>	<u>511,458</u>	<u>(8,434)</u>
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		\$ (228,780)	\$ (195,837)	\$ 34,131	\$ (500,404)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED		34,600,450	19,045,139	34,600,450	19,045,139
INCOME (LOSS) PER SHARE - BASIC AND DILUTED		\$ (0.01)	\$ (0.01)	\$ 0.00	\$ (0.03)

See accompanying notes to the condensed consolidated financial statements.

CMC METALS LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars)

(Unaudited)

	Share capital		Share subscriptions	Obligation to issue shares	Share subscriptions receivable	Share-based payment reserve	Deficit	Total
	Number of shares	Amount						
Balance at September 30, 2015	19,045,139	\$ 15,968,086	\$ -	\$ 300,000	\$ -	\$ 482,626	\$ (19,103,931)	\$ (2,353,219)
Comprehensive loss:								
Loss for the period	-	-	-	-	-	-	(304,567)	\$ (304,567)
Total comprehensive loss for the period	-	-	-	-	-	-	(304,567)	(304,567)
Transactions with owners, in their capacity as owners, and other transfers:								
Subscriptions received in advance	-	-	40,500	-	-	-	-	40,500
Reallocation of cancelled and expired options	-	-	-	-	-	(270,174)	270,174	-
Reallocation of expired warrants	-	-	-	-	-	(13,338)	13,338	-
Total transactions with owners and other transfers	-	-	40,500	-	-	(283,512)	283,512	40,500
Balance at June 30, 2016	19,045,139	\$ 15,968,086	\$ 40,500	\$ 300,000	\$ -	\$ 199,114	\$ (19,124,986)	\$ (2,617,286)
Balance at September 30, 2016	34,545,139	\$ 17,410,092	\$ -	\$ 300,000	\$ -	\$ 528,445	\$ (20,385,562)	\$ (2,147,025)
Comprehensive income (loss):								
Income for the period	-	-	-	-	-	-	34,131	34,131
Total comprehensive income for the period	-	-	-	-	-	-	34,131	34,131
Transactions with owners, in their capacity as owners, and other transfers:								
Subscriptions received in advance	-	-	500,000	-	(261,400)	-	-	238,600
Shares issued for cash - private placement	-	-	-	-	-	-	-	-
Share issuance for warrants exercised	200,000	24,000	-	-	-	-	-	24,000
Stock-based compensation	-	-	-	-	-	46,075	-	46,075
Total transactions with owners and other transfers	200,000	24,000	500,000	-	(261,400)	46,075	-	308,675
Balance at June 30, 2017	34,745,139	\$ 17,434,092	\$ 500,000	\$ 300,000	\$ (261,400)	\$ 574,520	\$ (20,351,431)	\$ (1,804,219)

CMC METALS LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(Unaudited)

	For the Nine Month Period Ended June 30,	
	2017	2016
Operating activities		
Net Profit (loss) for the period	34,131	(500,404)
Adjustments for non-cash items:		
Accrued interest on promissory note	41,761	48,929
Accrued interest on loans	53,088	50,449
Flow-through share related tax	25,734	25,734
Stock-based compensation	46,075	-
Unrealized foreign exchange	20,240	(10,158)
Financing fee	-	19,153
Gain on settlement of debt	-	(4,540)
Gain on marketable securities	(542,433)	-
Recovery of exploration and evaluation costs recovered	(51,000)	-
Changes in non-cash working capital items:		
Receivables	(4,743)	(4,598)
Prepays	(9,710)	5,743
Trade payables and accrued liabilities	31,451	(17,827)
Due to related parties	(1,949)	(46,130)
Net cash flows used in operating activities	(357,355)	(433,649)
Investing activities		
Expenditures on exploration and evaluation assets	(520,313)	(151,456)
Sales Proceeds on disposal of marketable securities	593,433	-
Property, Plant and Equipment	(168,263)	(141,309)
Net cash flows used in investing activities	(95,143)	(292,765)
Financing activities		
Issuance of loans	70,000	309,057
Repayment of loans	-	(397,979)
Proceeds on issuance of common shares	-	1,350,500
Share subscription received	238,600	-
Proceeds on exercise of warrants	24,000	-
Share issuance costs	-	(52,960)
	332,600	1,208,618
Change in cash	(119,898)	482,204
Cash, beginning	228,857	6,923
Cash, ending	\$ 108,959	\$ 489,127

See accompanying notes to the condensed consolidated financial statements.

CMC METALS LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

CMC Metals Ltd. (the “Company”) is incorporated in the Province of British Columbia and its principal activity is the acquisition and exploration of mineral properties in Canada and the United States of America. The Company is listed on the TSX Venture Exchange (“TSX-V”).

The head office, principal address and records office of the Company are located at 605 – 369 Terminal Avenue, Vancouver, British Columbia, Canada, V6A 4C4.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2017, the Company had not advanced its properties to commercial production. Management intends to finance operating costs over the next twelve months with loans from directors and equity financings.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**Statement of compliance**

The Company applies International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB and interpretations issued by the IFRIC and should be read in conjunction with the audited consolidated financial statements as at September 30, 2016

The financial statements were authorized for issue on August 29, 2017, by the directors of the Company.

3. MARKETABLE SECURITIES

During the period ended June 30, 2017, the Company received 300,000 common shares of MGX Minerals Inc. (“MGX”) in consideration for the rental of a floatation plant on the Silver Hart Property which were designated as held for trading measured with a fair value of \$147,000 at initial recognition. On initial recognition, the fair value of the MGX shares were recorded as a recovery of exploration and evaluation costs of \$51,000 and unrealized gain of \$96,000 in the Statement of Comprehensive Income (Loss) for the three month period ended December 31, 2016. On February 8, 2017, the Company sold the 300,000 shares of MGX and realized a gain of \$542,433.

4. RECLAMATION BONDS

As at June 30, 2017, the reclamation bonds consist of \$14,000 on the CK Property and \$260,288 on the Bishop Mill Property (Note 6).

CMC METALS LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

5. EXPLORATION AND EVALUATION ASSETS

	Silver Hart Property	Radcliff Property	Total
Exploration costs			
September 30, 2016	\$ -	\$ -	\$ -
Costs incurred during the period:			
Assaying	11,920	649	12,569
Claim renewal fees	3,045	-	3,045
Contractors	63,525	154,315	217,840
Drilling	134,012	-	134,012
Field office	35,045	49,083	84,128
Other	681	14,399	15,080
Management fees	39,172	-	39,172
Transportation and supplies	149,405	49,155	198,560
Travel expenses	9,324	-	9,324
	<u>446,130</u>	<u>267,600</u>	<u>713,730</u>
June 30, 2017	\$ 446,130	\$ 267,600	\$ 713,730

Silver Hart Property

On February 21, 2005, and as last amended on September 24, 2016, the Company acquired a 100% interest in the Silver Hart Property located in the Watson Lake Mining District, Yukon Territory from an individual who subsequently became a director and officer of the Company for \$995,000.

The Company was further required to issue 1,000,000 common shares by July 5, 2007. The Company did not issue the shares by the due date and the fair value of the shares at the time, of \$300,000, was recorded as an obligation to issue shares. The Company issued the shares subsequent to June 30, 2017.

The Silver Hart Property is secured by a loan due to a director of the Company (Note 8).

Radcliff Property

On March 1, 2011, and as amended November 15, 2011, the Company entered into a letter of intent with Pruett Ballart Inc. ("PBI"), to acquire up to a 50% interest of the Radcliff Property located in California.

On April 11, 2012, the Company paid US\$100,000 (CDN\$100,000) of the US\$900,000 due. The Company issued a US\$800,000 promissory note (the "Promissory Note") (Note 8).

The claims are subject to a 5% net smelter royalty ("NSR").

CMC METALS LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

6. PLANT AND EQUIPMENT

	Bishop Mill and related equipment
Balance, September 30, 2015	\$ -
Additions	26,841
Amotization	(5,368)
Balance, September 30, 2016	21,473
Additions	168,263
Amotization	-
Balance, March 31, 2017	\$ 189,736

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	June 30, 2017	September 30, 2016
Trade payables	\$ 75,661	\$ 23,042
Accrued liabilities	2,004	23,173
Flow-through share related provisions	208,134	182,401
Flow-through premium liabilities	46,925	46,925
	\$ 332,725	\$ 275,541

8. PROMISSORY NOTE

On April 18, 2012, the Company issued a promissory note (Note 5), whereby the Company agreed to pay US\$800,000 by June 15, 2012 which bears interest at 7%. 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 on November 16, 2012;
- US\$50,000 (CDN\$50,000 paid) due on or before February 28, 2013;
- US\$50,000 (CND\$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 US\$50,000 (CDN\$50,775) which has not been paid.

As of June 30, 2017, the promissory note includes a principal balance of \$648,850 (US\$500,000) (September 30, 2016 – \$655,000 (US\$500,000)), an extension fee of \$64,885 (US\$50,000) (September 30, 2016 - \$65,500 (US\$50,000)) and accrued interest of \$329,445 (US\$253,868) (September 30, 2016 - \$275,210 (US\$210,414)). During nine months ended June 30, 2017, the Company recorded interest expense of \$55,772 (2016 - \$50,449). The promissory note is secured by a deed of trust covering the Radcliff Property.

As at June 30, 2017, the promissory note is in default. However, the Company has not been served with a default notice by the note holder and the note holder has not taken action to reclaim title to the Radcliff Property.

CMC METALS LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

9. LOANS

As at June 30, 2017, pursuant to the acquisition of the Silver Hart Property (Note 5), a principal balance of \$270,000 (September 30, 2016 - \$270,000) and extension fees totaling \$85,000 (September 30, 2016 - \$85,000) is owing to a director of the Company which bears interest at 8.5%. During the nine months ended June 30, 2017, the Company recorded interest expense of \$53,088 (2016 - \$50,449). Included in the loans, at June 30, 2017, is accrued interest of \$530,837 (September 30, 2016 - \$477,749).

The amounts bear interest at 8.5%, are secured by a first charge on the Silver Hart Property and are due on September 30, 2017.

During the nine months ended June 30, 2017, a company controlled by a director of the Company advanced \$20,000 which bore interest at 18%. The loan was fully repaid in February 2017.

During the nine months ended June 30, 2017, a company controlled by a director of the Company advanced \$650,000 on behalf of the Company as an unsecured short term loan. The loan was repaid in February 2017.

During the nine months ended June 30, 2017, a company with a common director of the Company advanced \$135,000 bearing interest at 18% per annum. The loan was repaid in February 2017.

During the nine months ended June 30, 2017, a company with a common director of the Company advanced a total of \$70,000, which funds were secured by promissory notes payable on demand.

10. PREFERRED SHARES

The Company's subsidiary issued 5,000 Class A non-voting preferred shares (the "Class A preferred shares") at a price of \$100 per share, for total proceeds of \$500,000. Attached to these preferred shares is an annual non-cumulative preferred cash dividend of 4.5% of the total, payable annually on March 31 of each year. As at June 30, 2017, no dividends have been declared.

After April 9, 2016, redemption may be affected in whole or any number of the Class A preferred shares, if the Company is not insolvent at such time and that the redemption would not render the Company insolvent, as follows: Company: Upon giving no less than 10 day notice to the holders. If notice to redemption is given by the Company and holders of the Class A preferred shares fail to present and surrender the share certificates representing the shares called for redemption, the Company may deposit an amount sufficient to redeem the shares with any trust company or chartered bank of Canada and the holder will have no rights against the Company in respect of such shares except upon the surrender of certificates for such shares to receive payment; and Holder: Upon giving notice to the Company. The Company shall pay the holder within 30 days a redemption amount, in respect of each of the shares specified in the notice.

11. RESTORATION AND ENVIRONMENTAL OBLIGATIONS

The Company's provision for restoration and environmental obligations consists of costs accrued on the CK Property and the Silver Hart Property.

The asset retirement obligation for the Silver Hart Property is calculated as the estimated cost required to satisfy a current environmental obligation. As at June 30, 2017, the estimated cost required to settle the obligation is \$50,000 (September 30, 2016 - \$50,000).

CMC METALS LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

12. SHARE CAPITAL**Authorized**

Unlimited common shares, without par value

Unlimited Class A preferred share, non-voting, without par value

Issued - common shares

On July 17, 2017, the Company issued 5,000,000 units in a private placement at \$0.10 per unit with each unit consisting of one flow-through common share and one transferrable share purchase warrant exercisable into one common share at \$0.12 for one year. As at June 30, 2017, a total of \$238,600 had been raised in respect of this financing.

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.

Stock options

The Company granted 550,000 stock options to its VP of Corporate Development exercisable at \$0.12 per share until January 19, 2019.

During the 3 months ended June 30, 2017, the Company recognized \$46,075 of share-based compensation. The weighted average assumptions used for the Black-Scholes valuation of options were expected volatility of 185.04%, risk-free interest rate of 0.79%, expected life of 2 years, and a dividend rate of Nil. The fair value per option was \$0.0838. Expected volatility is estimated by considering historic average share price volatility of the Company's publicly traded shares.

Option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance, September 30, 2016	3,221,428	\$0.22
Options granted	1,364,000	0.12
Options forfeited	(321,428)	0.43
Options expired	(800,000)	0.12
Balance, June 30, 2017	3,464,000	\$0.22

As at June 30, 2017, the following stock options were outstanding:

Number of options	Exercise Price	Expiry Date
2,100,000	\$0.35	June 16, 2018
550,000	\$0.12	January 19, 2019
814,000	\$0.12	June 12, 2019
3,464,000		

The 814,000 stock options exercisable at \$0.12 and expiring on June 12, 2019 become exercisable subsequent to June 30, 2017.

CMC METALS LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

12. SHARE CAPITAL (cont'd)**Warrants**

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, September 30, 2016	13,233,193	\$ 0.22
Warrants exercised	(200,000)	0.12
Warrants expired	(3,342,571)	0.42
Balance, June 30, 2017	9,690,622	\$ 0.19

During the nine months ended June 30, 2017, the Company issued 200,000 common shares upon the exercise of 200,000 warrants at \$0.12 including 100,000 common shares issued to a related party.

As at June 30, 2017, the following warrants were outstanding:

Number of warrants	Exercise Price	Expiry Date
1,810,822	\$0.49	3-Jul-17
5,580,000	\$0.12	5-May-18
2,299,800	\$0.12	15-Jun-18
9,690,622		

As at June 30, 2017, the weighted average life is 0.73 years.

1,810,822 warrants that expired unexercised subsequent to June 30, 2017.

13. RELATED PARTY TRANSACTIONS

During the nine months ended June 30, 2017, the Company entered into the following transactions with related parties:

- a) incurred rent of \$13,500 (2016 – \$13,500) to a company controlled by a director of the Company;
- b) incurred secretarial fees of \$35,100 (2016 - \$31,500) to a company controlled by a director of the Company;
- c) incurred consulting fees of \$47,000 (2016 - \$45,000) to directors of the Company;
- d) incurred interest expense of \$53,088 (2016 - \$45,096) to a director and officer of the Company, pursuant to the Silver Hart Property; and
- e) incurred interest expenses of \$53,088 (2016 - \$59,618) to a company with a common director of the Company.

At June 30, 2017, a total of \$17,673 (September 30, 2016 - \$128,739) was owing to directors of the Company.

At June 30, 2017, a total of \$885,837 (September 30, 2016 - \$816,440) was owing to a director and officer of the Company. The amount bears interest at 8.5%, is due on September 30, 2017 and is secured by the Silver Hart

CMC METALS LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

property. (Note 9)

At June 30, 2017, \$70,000 (September 30, 2016 - \$Nil), was owing to a company with a common director of the Company.

The Company incurred the following key management compensation charges:

	June 30, 2017	June 30, 2016
Consulting fees	\$47,000	\$45,000

14. FINANCIAL INSTRUMENTS***Classification of financial instruments***

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

	June 30, 2017	September 30, 2016
Loans and receivables:		
Cash	\$ 108,959	\$ 228,857
Reclamation bonds	260,288	274,820
	\$ 456,794	\$ 503,677

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

	June 30, 2017	September 30, 2016
Non-derivative financial liabilities:		
Trade payables	\$75,663	\$22,709
Due to related parties	21,926	23,875
Promissory note	1,043,180	995,710
Loans	955,837	832,749
Preferred shares	500,000	500,000
	\$2,596,606	\$2,375,043