

## Canadian Metals to Amend PEA and Announces Granting of an MCTO

July 29, 2016- Montréal, Québec – Canadian Metals Inc. (the “Corporation”) (CSE : CME) was informed by the *Autorité des marchés financiers* (“AMF”) that the technical report titled *NI 43-101 Preliminary Economic Assessment on the Langis Silica Deposit and Metallurgical Silicon Processing Plant in the Matapedia Region, Province of Québec, Canada* filed on SEDAR on June 20, 2016 (the “PEA”) does not comply with the requirements of Regulation 43-101. The obligation to file a technical report within 45 days was triggered by the Corporation’s press release announcing the results of a Preliminary Economic Assessment study on April 28, 2016, under Regulation 43-101 *Standards of Disclosure of Mineral Projects* (“**Regulation 43-101**”). Following the filing of the PEA on June 20, 2016, and the correspondence between the Corporation and the AMF which followed the receipt of the AMF comment letter on July 4, 2016 requesting that the Corporation file an amended technical report (the “**Amended Report**”) on or before July 19, 2016, the Corporation applied for a Management Cease Trade Order (“**MCTO**”) under Policy Statement 12-203 pending the filing of the Amended Report.

The AMF also noted that the mineral resource estimates, as set forth in the PEA, did not comply with the form requirements under Regulation 43-101 to the effect that the Qualified Person must provide sufficient technical discussion of the key assumptions, parameters, and methods used to estimate the mineral resources.

Following correspondence between the Corporation and the AMF to resolve the issues identified, the Corporation will file the Amended Report on SEDAR on or before September 28, 2016. The Amended Report will be co-authored by newly appointed Qualified Persons. The Corporation is consulting with the AMF to determine a complete plan of action which will address the following issues:

- The presentation of the financial cases will be simplified and the Amended Report will include the dynamic base case and sensitivities. The dynamic base case will include revenue and cost indexation assumptions and is presented after tax, with no terminal value assumptions. Constant dollar, pretax and terminal value cases will be eliminated for improving clarity of analysis. Assumptions pertaining to debt financing will be removed.
- The Langis resources were originally estimated by the authors for the purpose of a ferro-silicon project in Quebec. However, the current base-case for the project is solely based on metallurgical silicon, with the flexibility of producing ferro-silicon. In the case of only ferro-silicon production, the level of confidence in the resources could have met the classification of measured and indicated categories. However, as the current base-case is solely based on metallurgical silicon, even if chemical composition and impurities distribution of the Langis silica deposit were deemed by the authors as sufficient to be blended with external quartzite, additional metallurgical tests to confirm the behavior of the Langis silica in conjunction with external quartzite are actually pending.

- Certain statements by qualified professionals will be modified for better accuracy and coverage.

As proposed by the Corporation, the AMF has issued a temporary MCTO under Policy Statement 12-203 which prohibits trading in securities of the Corporation by certain insiders of the Corporation instead of a cease trade order being imposed against all securities of the Corporation. An MCTO would not generally affect the ability of persons who have not been directors, officers or insiders of the Corporation to trade the securities of the Corporation. The MCTO will remain in force until the release of a compliant revised technical report. The Corporation intends to satisfy the provisions of the Alternative Information Guidelines as set out in the Policy Statement 12-203 for as long as the MCTO is in force.

### **About Canadian Metals**

Canadian Metals Inc. is focused exclusively on the development of its Langis Project, a high-purity silica deposit located in the province of Quebec. The Corporation is rapidly positioning itself to eventually become a North American silicon metal producer.

Neither the CSE nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

### **For more information, please contact:**

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