

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**1. Name and Address of Company:**

Canadian Metals Inc. (“CME”)  
1 Place Ville Marie  
Suite 1670  
Montreal, Quebec H3B 2B6

**2. Date of Material Change**

December 13, 2016

**3. News Release**

A news release, in English version, was issued on December 13, 2016 through Marketwired.

**4. Summary of Material Change**

CME announced that it had completed, subject to regulatory and CSE final approval, the private placement (the “Offering”) of 10.0% unsecured subordinated convertible debentures (the “Debentures”) of the Corporation for gross proceeds of \$610,000.

**5. Full Description of Material Change**

**5.1 Full Description of Material Change**

CME announced, further to its news release dated November 9, 2016, that it has completed, subject to regulatory and CSE final approval, the Offering of 10.0% unsecured subordinated convertible Debentures of the Corporation for gross proceeds of \$610,000, of which \$519,000 was completed as a brokered offering with Industrial Alliance Securities Inc. as the lead agent and sole bookrunner (the “Agent”).

The Debentures are unsecured obligations of the Corporation and bear interest from the date of closing at 10.0% per annum, payable semi-annually on June 30 and December 31 of each year, commencing on June 30, 2017. Interest shall be payable in shares for the first year only. For the years hereafter, interest shall be payable in cash or shares, at the option of the holders of the Debentures (the “Holders”). If a minimum of 66.6% of the Holders (in terms of amounts of dollars) vote in favor of either a payment in cash or shares, the Corporation will pay all Holders the same way. If the payment is made in shares, it will be based on a price equal to 85% of the average closing price of the common shares of the Corporation (the “Common Shares”) for the period of 20 consecutive trading days ending five trading days before the payment date.

The Debentures are convertible at the option of the holder into Common Shares of the Corporation at any time prior to the close of business on the last business day prior to the Maturity Date, at a conversion price of CAD\$0.20 per Common Share, being a rate of 5,000 per common shares per CAD\$1,000 principal amount of Debentures. Holders converting their Debentures will receive accrued and unpaid interest thereon, up to, but excluding, the date of conversion.

The Corporation intends to use the net proceeds of the Offering for development and for working capital purposes.

The Agent received a cash commission equal to 8.5% of the gross proceeds of the sale of Debentures placed by it, except for such of those subscribers that are directors, consultants or members of management of the Corporation, in which case the Agent received a cash commission equal to 4% of such subscriptions. The Agent also received 25,950 common share purchase warrants (the “Agent’s Warrants”). Each Agent’s Warrant entitles the holder thereof to acquire a Common Share at a price of \$0.20 for a period of 24 months from the closing date.

All securities issued in connection with the Offering, which includes insider participation, are subject to a four month hold period expiring April 13, 2017.

Seven insiders of the Corporation were issued, directly and indirectly, Debentures in the aggregate principal amount of \$96,000, which constituted a “related party transaction” within the meaning of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions (“MI 61-101”). The issuance to the insider is exempt from the formal valuation and the minority shareholder approval requirements of MI 61-101, as the fair market value of the Debentures issued to, or the consideration paid by such person, did not exceed 25% of the Company’s market capitalization.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**6. Reliance on Subsection 7.1(2) of Regulation 51-102**

Not applicable.

**7. Omitted Information**

Not applicable.

**8. Executive Officer**

For additional information, please contact:

Mr. Stephane Leblanc  
President, Chief Executive Officer  
Phone: 418-717-2553

**9. Date of Report**

December 14, 2016