Canadian Metals Inc.

Management's Discussion and Analysis

Three-month and nine-month periods ended

April 30, 2018

(Third Quarter)

This management discussion and analysis ("MD&A") of Canadian Metals Inc., ("Canadian Metals" or "CME" or the "Company") provides information that management believes is relevant to the assessment and understanding of the Company's results of operation and financial condition for the three-month and nine-month periods ended April 30, 2018.

This MD&A complements the condensed interim unaudited financial statements for the three-month and nine-month periods ended April 30, 2018 which were prepared in accordance with the International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the Company's audited financial statements and corresponding notes for the year ended July 31, 2017 and related MD&A. This MD&A is prepared as June 19, 2018.

The unaudited condensed interim financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Board of Directors on June 19, 2018.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

The shares of Canadian Metals are listed on the Canadian Securities Exchange ("CSE") under the symbol "CME".

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business, the mining industry in general and the economic environment in which it operates as of the date of the MD&A. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". In the interest of providing shareholders and potential investors with information regarding Canadian Metals, including management's assessment of future plans and operations, certain statements in this MD&A are forward-looking and are subject to the risks, uncertainties and other important factors that could cause the Company's actual performance to differ materially from that expressed in or implied by such statements. Such factors include, but are not limited to: volatility and sensitivity to market metal prices, impact of change in foreign currency exchange rates and interest rates, imprecision in reserve estimates, environmental risks including increased regulatory burdens, unexpected geological conditions, adverse mining conditions, changes in government regulations and policies, including laws and policies; and failure to obtain necessary permits and approvals from government authorities, and other development and operating risks. The preliminary assessments contained in the Technical Report referred to in this MD&A, and the estimates contained therein to date are preliminary in nature and are based on a number of assumptions, any one of which, if incorrect, could materially change the projected outcome.

Although the Company believes that the expectations conveyed by the forward-looking statements are based upon information available on the date that such statements were made, there can be no assurance that such expectations will prove to be correct. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements unless required to do so by applicable Securities laws. All subsequent forward-looking statements, whether written or orally attributable to the Company or persons acting on its behalf, are expressly qualified in their entirety by these cautionary statements.

NATURE OF ACTIVITIES

Canadian Metals, incorporated on August 17, 2012 under the *Québec Business Corporations Act,* is focused on the exploration and development of its Langis silica deposit in connection with a proposed downstream integration into ferrosilicon production, and looks for opportunities to acquire new mining properties.

BUSINESS DEVELOPMENT HIGHLIGHTS

- **Grant of share options:**

  On February 5, 2018, the Company granted 1,250,000 share options to officers, directors and a consultant, to purchase 1,250,000 common shares of the Company at an exercise price of $0.14 per share and expiring on February 5, 2023.

- **Appointment of Pierre Monet as Vice-President Finance and CFO:**

  On February 6, 2018, the Company announced the nomination of Mr. Pierre Monet as Vice-President and CFO of Canadian Metals Inc.

  Mr. Monet, CPA, CA, ASC is a seasoned senior financial executive with 30 years of experience working for private and public corporations. He has led major financings, merger and acquisitions as well as restructuring projects. Prior to joining Canadian Metals, Mr. Monet was VP and CFO of Pershimco Resources Inc. Previously he has been President and Chief Executive Officer of Malaga Inc. and VP Finance and CFO of Dynacor Gold Mines Inc. He also acted as Vice-President Finance, Administration and Treasurer of Iron Ore Company of Canada Inc. and VP Finance of Alliance Forest Products Inc. Mr. Monet is known for his extensive financial experience combined with operations management and understanding of strategic challenges. He is graduated from Hautes Études Commerciales (HEC) Montréal and holds the Certified Director title from Université Laval.

- **Appointment of Pascal Vallée as Director Project Development:**

  On February 6, 2018, the Company announced the nomination of Mr. Pascal Vallée as Director Project Development of Canadian Metals Inc.

  Mr. Vallée is a mechanical engineer and he has an extensive expertise in project management. With over 23 years of experience in the mining industry as an Executive Project Manager, including 7 years of major project management in iron ore as Project Coordinator for Consolidated Thompson (Bloom Lake project), as Expansion General Manager for Cliffs Natural Resources and as Senior Project Manager for the cement industry. He has worked as Senior Project Manager on several feasibility study. During his career he worked also at different positions for Xstrata Nickel – Raglan Mine, Metso Minerals, and Quebec Cartier Mining (ArcelorMittal). He developed specific skills as engineering manager, construction project development and management in green and brown field for the heavy industry.

- **Annual meeting of the Company held on February 26, 2018**

  - Appointment of Carl Gagnon as Director;
  - 33.15% of the issued and outstanding common shares were represented at the meeting;
  - Raymond Chabot Grant Thornton LLP were appointed auditor of the Company; and
  - The stock option plan was approved.

- **Private Placements:**

  On March 13, 2018, the Company concluded a private placement by issuing 25,300,000 units at a price of $0.10 per unit for proceeds of $2,530,000. Each unit consists of one common share and one-half warrant. Each warrant will entitle the holder to acquire one additional common share of the Company at an exercise price of $0.15 until March 13, 2020.

  On March 16, 2018, the Company issued 6,000,000 common shares at a fair value of $0.14 for a total value of $840,000 as the first timeline scheduled as per the agreement for the acquisition of 100% undivided interest in TV Tower, Mountain Brook and Blackshale properties, all located in New-Brunswick.

On March 20, 2018, the Company completed a convertible debentures financing of $400,000. The maturity of the convertible debentures is approximately five years (December 31, 2022) and bear interest at 10% per year. At the conversion date, both the capital and unpaid interest is convertible using a conversion price of $0,20. Interest is payable on June 30 and December 31 of each year.

BUSINESS DEVELOPMENT SUBSEQUENT EVENTS

- **Departure of its President and CEO:**

  On May 4, 2018, the Company announced the departure of Mr. Hubert Vallée as President and CEO of Canadian Metals Inc., effective May 3th, 2018.

- **Appointment of Paul Dumas as Director:**

  On May 4, 2018, the Company announced the nomination of Mr. Paul Dumas as Director of Canadian Metals Inc., effective May 3th, 2018.

  Executive Vice President, Finance & CFO at Osisko Metals Incorporated, Mr. Dumas has over 35 years of Corporate Finance and Investment Banking experience. Since 2008 and until its recent name change and successful reorganization to Osisko Metals Incorporated, Mr. Dumas was President and Chief Executive Officer of Bowmore Exploration Ltd. Prior to that, he was owner and President of Dumas Asset Management, a private corporation providing financial advisory and consulting services since 1996. Formerly, he was an Investment Advisor at RBC Dominion Securities Inc., as well as an accountant for Price Waterhouse Coopers LLP. Mr. Dumas has served as Director and held Executive positions for numerous public companies in the mining industry as well as the technology sector. Mr. Dumas holds a Bachelor's degree in Commerce with an Accounting major.

- **Departure of a Director:**

  On June 5, 2018, the Company announced the resignation of Mr. Carl Gagnon as Director of Canadian Metals Inc., effective June 5, 2018.

- **Departure of a Director:**

  On June 18, 2018, the Company announced the resignation of Mr. Luigi Nardella as Director of Canadian Metals Inc., effective June 18, 2018.

EXPLORATION HIGHLIGHTS

- **The Company outline robust pit-constrained mineral resources update at Langis and filed a technical report:**

  On February 5, 2018, the Company announced the filing of a technical report in compliance with National Instrument 43-101 (NI 43-101) on a mineral resources update for Langis.

  High-grade silica sandstone deposit at surface pit-constrained resources:

  - **3,900,000** tonnes Measured @ **99.01**% SiO_2;
  - **3,700,000** tonnes Indicated @ **98.92**% SiO_2;
  - **7,600,000** tonnes M&I @ **98.96**% SiO_2 at a cut-off grade of **97.00**% SiO_2; and
  - **14,000,000** tonnes Inferred @ **98.97**% SiO_2.

  Major increase in resource estimates 217% for Langis vs October 2016 resources.

  Quarry permit in place with extraction of 674,000 tonnes in the M&I at 99% SiO_2 fully permitted with the BEX and the Certificate of Authorization from the MDDELCC.

- **Option Agreement:**

  On March 16, 2018, the Company has entered into an option agreement (the "Agreement") with NBZINC Inc. to acquire an undivided 100% right, title and interest in the TV Tower, Mountain Brook and Blackshale properties located in New Brunswick. The properties are composed of 355 claims covering approximately 7,762 hectares. The claims are subject to a 2% NSR. To earn its 100% interest, the Company must make cash payments of $400,000, issue 16,000,000 common shares and incur $300,000 exploration expenses over the next 19 months.

EXPLORATION SUBSEQUENT EVENT HIGHLIGHTS

- **The company has started exploration works at TV Tower property with trenching.**

- **The company has mandated GoldMinds Geoservices Inc. in June 2018 to visit the site and prepare an exploration program.**

- **The company filed application for exploration grant in New-Brunswick**.

EXPLORATION ACTIVITIES

Exploration activities for the three-month period ended April 30, 2018

During the three-month period ended April 30, 2018, the Company invested $714,719 in exploration and evaluation assets ($64,805 for the three-month period ended April 30, 2017) of which 99.7% of the total was spent on the Langis property and the remaining 0.3% spent on the new Lac La Chesnaye property.

CANADIAN METALS INC.

Exploration and evaluation assets
For the three-month period ended April 30, 2018

	Langis	Lac La Chesnaye	Total
	$	$	$
Exploration and evaluation costs:			
Drilling	-	-	-
Geology	14,609	2,274	16,883
Technical Reports	677,799	-	677,799
Environment	15,270	-	15,270
Supervision	4,767	-	4,767
	712,445	2,274	714,719
Other item:			
Impairment of exploration and evaluation costs	-	-	-
Tax credit related to resources and mining tax	-	-	-
	-	-	-
Balance, beginning of period	1,289,720	60,448	1,350,168
Balance, end of period	2,002,165	62,722	2,064,887

Exploration and evaluation assets
For the three-month period ended April 30, 2017

	Langis	Lac La Chesnaye	Total
	$	$	$
Exploration and evaluation costs:			
Drilling	12,626	-	12,626
Geology	5,400	-	5,400
Technical Reports	-	-	-
Environment	42,310	-	42,310
Supervision	4,469	-	4,469
	64,805	-	64,805
Other item:			
Impairment of exploration and evaluation costs	-	-	-
Tax credit related to resources and mining tax	-	-	-
	-	-	-
Balance, beginning of period	876,863	-	876,863
Balance, end of period	941,668	-	941,668

During the three-month period ended April 30, 2018, the prefeasibility study (PFS) for the development of the industrial part of the project was completed. No exploration work was carried out in the quarter due to winter time.

Exploration activities for the nine-month period ended April 30, 2018

During the nine-month period ended April 30, 2018, the Company invested $930,283 in exploration and evaluation assets ($187,984 for the nine-month period ended April 30, 2017) of which 93% of the total was spent on the Langis property and the remaining 7% spent on the Lac La Chesnaye property.

CANADIAN METALS INC.

Exploration and evaluation assets
For the nine-month period ended April 30, 2018

	Langis	Lac La Chesnaye	Total
	$	$	$
Exploration and evaluation costs:			
Drilling	45,006	5,926	50,932
Geology	40,598	56,796	97,394
Technical Reports	733,313	-	733,313
Environment	34,888	-	34,888
Supervision	13,756	-	13,756
	867,561	62,722	930,283
Other item:			
Impairment of exploration and evaluation costs	-	-	-
Tax credit related to resources and mining tax	-	-	-
	-	-	-
Balance, beginning of period	1,134,604	-	1,134,604
Balance, end of period	2,002,165	62,722	2,064,887

Exploration and evaluation assets
For the nine-month period ended April 30, 2017

	Langis	Lac La Chesnaye	Total
	$	$	$
Exploration and evaluation costs:			
Drilling	12,626	-	12,626
Geology	5,400	-	5,400
Technical Reports	108,576	-	108,576
Environment	51,087	-	51,087
Supervision	10,295	-	10,295
	187,984	-	187,984
Other item:			
Impairment of exploration and evaluation costs	-	-	-
Tax credit related to resources and mining tax	-	-	-
	-	-	-
Balance, beginning of period	753,684	-	753,684
Balance, end of period	941,668	-	941,668

During the nine-month period ended April 30, 2018, the prefeasibility study (PFS) for the development of the industrial part of the project was completed. At Langis the Company drilled to bring inferred mineral resources to higher quality level and finalized and filed its mineral resource estimation update based on the new diamond drilling of 2017.. The company also received its BEX and Certificate of Authorization for a sandstone quarry.

At Lac Chesnaye quartzite property field exploration and surface sampling took place, airborne Lidar was done and met test samples were shipped at testing facilities for material qualification.

Langis Property (Matane)

Canadian Metals inc. owns a 100% interest in Langis property. The property is subject to a 3% net smelter return (NSR) royalty in favor of 9285-3696 Québec Inc., a privately-owned company belonging to an administrator and director of the Company. Langis silica property is located between the towns of Amqui and Matane, in the Matapédia region in Québec province.

The property encompasses a highly siliceous sandstone block which is a potential silica supply. The sandstone is within the Val Brillant geologic formation and is composed of white to pink quartz-arenite. On the property, the Val Brillant formation constitute a 60-meter thick erosional block and lays on the Awantjish formation green shales. The outcropping sandstone block is 1,700 meters long and exposure varies between 250 to 500 meters (m) in width. The existing historical quarry of Uniquartz covers an approximate area of 90 meters by 90 m.

The first exploration in the region started in 1944 with the work of the Geological Survey of Canada. Until 1978, only the provincial and federal governments conducted exploration works, which mostly consisted of large scale geological surveys. Uniquartz Inc. is the only mining company that conducted relevant exploration work by drilling 22 holes for a total of 1215.5 m in 1982. Out of the 22 holes, 12 were located directly on the Langis property for a total of 649.9 m. Afterward, physicochemical testing was made to determine the sandstone characteristics of the Langis and Tessier deposits. Furthermore, two 2.5 tonnes bulk samples were excavated. Historical resources of 27.6 million tonnes grading 1.12% Fe_2O_3 and 0.41% Al_2O_3 were calculated. However, the SiO_2 grade was unknown. In 1985, Uniquartz revised the available tonnage and grade of the Langis deposit at 25.5 million tonnes grading 0.12% Fe_2O_3 and 0.41% Al_2O_3. The resources stated in this paragraph are historical and does not meet the NI 43-101 standards of disclosure for mineral project. Even though a quarry was in operation, no data is available on its development or production after 1985.

Following the acquisition of the property in summer 2013, the Company undertook an exploration campaign to characterize the Langis deposit's silica. The campaign consisted of 9 diamond drill holes totaling 456 m. However, only 3 holes were analyzed. The campaign also included 3 grab samples from the quarry wall to complete the metallurgical and heat shock resistance tests. Genivar published a NI 43-101 report in December 2013. The main results of this report are summarized in the following paragraph.

Laboratory testing provided essential data about the Langis deposit chemical, physical and thermal properties. This report showed the high purity silica sandstone potential for a number of uses. The impurity content is about 1% with a silica grade of 98.55% and a loss on ignition of 0.36%. After the correction for loss on ignition incurred in high temperature applications, the average silica grade is 98.95%. Thermal shock testing also revealed that the silica has a high grouting potential which is appropriate for high temperature furnaces.

Attrition washing can produce silica sand with average grades of 99.56% SiO_2, 0.03%Fe_2O_3, 0.16% Al_2O_3 and 0.03% TiO_2. Magnetic separation only removes a small quantity of iron oxides and other impurities. The physical properties of granulometric distribution, average fineness rating, uniformity coefficient, roundness, sphericity and impact resistance of the silica sand were measured. Based on the 2013 summer exploration campaign results, the Langis silica deposit can be considered as a potential supply of material for ferrosilicon production as well as a flux agent in base metal smelting.

Within the property, considering a longitudinal extension of 600 to 800 m, a width of 275 to 325 meters, a thickness of 30 to 40 m and a density of 2.65 t/m3, a mineral potential of 30 to 40 million tonnes grading from 98.1% to 99.2% SiO_2 has been calculated. Important note: The quantity and grade of the mineral potential stated above is conceptual in nature as there has not been sufficient exploration to define mineral resources. It is uncertain if additional exploration will result in the target being delineated as mineral resources.

A second drilling program was completed between June 1 and 22, 2015. The goal of this campaign was to delineate mineral resources by reducing the drilling pattern and therefore increasing the trust in the geological interpretation. A total of 18 holes totaling 701.6m were drilled on an approximate 50-meter grid. A total of 418 samples, representing 731.7 m, combining cores from both campaigns were sent to ALS Chemex laboratory in Val-d'Or, Québec.

In October 2016, GoldMinds Geoservices ("GMG") published a NI 43-101 mineral resource estimate for the Langis property. The mineral resource estimate stands at 9.95 million tonnes in-pit grading an average of 98.71% SiO_2, 0.38% Al_2O_3, 0.05% TiO_2, 0.12% Fe_2O_3. The pit generated by GoldMinds Geoservices also contains 3.76 million tonnes of waste for a stripping ratio of 0.38 to 1.

Cautionary Note: Mineral resources that are not mineral reserves have not demonstrated economic viability. Additional trenching and/or drilling will be required to convert inferred mineral resources to indicated or measured mineral resources. There is no certainty that the resources development, production, and economic forecasts on which this PEA is based will be realized.

What is Ferrosilicon?

The following best describes Ferrosilicon:

- Ferrosilicon is the major ferroalloy by tonnage;
- Ferrosilicon is used mainly as a master alloy during iron- and steelmaking. Actually, the production of one tonne of steel consumes 4-5 kg FeSi;
- Ferrosilicon is essential for the production of magnesium metal (Pidgeon's process);
- As an alloying element it improves the electrical and mechanical properties of steel along with corrosion resistance;

- One of the fastest growing categories within steelmaking is the stainless sector, stainless steel has a specific consumption of ferrosilicon 5–10 times higher than regular carbon steel. One tonne of SS needs approximately 20 kilograms of FeSi, and

- Ferrosilicon major use is as deoxidizer to remove oxygen from hot metal.

What has been done so far:

At the beginning of February 2015, ELECTROCHEM TECHNOLOGIES & MATERIALS INC. was mandated to identify, qualify and supervise several R & D facilities around the world. The targeted institutions were all world-renowned facilities with the systems required for pilot testing of ferrosilicon production. After a comparative study based on key selection criteria such as production capacities, expertise, timing, and overall costs, an agreement was finally signed with MINTEK, whose facilities are in Randburg, South Africa. At this stage of the project, it was decided that the work would be executed in two successive phases. The objectives of Phase 1 were to demonstrate the technical feasibility of producing ferrosilicon from Langis quartzite, in order to assess the quality of the ferrosilicon produced and to provide the operational and metallurgical parameters necessary to prepare valuable information that will be used in a preliminary economic evaluation. The objective of Phase 2 was to corroborate the previous results and experimental performance and to proceed in conducting continuous pilot-scale ferrosilicon production.

In early June 2015, the first pieces of ferrosilicon were successfully produced at MINTEK. This ferrosilicon was produced from Langis quartzite during a series of prototype tests carried out between the end of May 2015 and the beginning of June 2015. The purpose of this first phase was to give a very rough indication of the technical feasibility of the production of ferrosilicon from Langis quartzite. It involved the fusion of four lots of quartzite, low ash coal, wood chips, and iron ore (hematite) in a 40kW DC electric arc furnace. The load was premixed and introduced into the oven intermittently over a period of 6-8 hours. The furnace was then cooled before collecting the solidified material, weighing it, sampling it and analyzing the product. Four 8-hour trials were conducted. Important variables like the recipe and the target temperature were measured. Furthermore, during the tests, the excellent thermal shock resistance of the Langis quartzite was confirmed in view of the low emission which was observed. All samples were analyzed independently by MINTEK confirming that ferrosilicon can be produced from Langis quartzite.

BBA, an independent Canadian consulting engineering firm, was commissioned to conduct an assessment for the selection of a suitable industrial site in the province of Québec to build a ferro-silicon plant. Since the project was launched last February, Canadian Metals and its technical team have identified and examined three potential industrial sites in Québec. These sites were evaluated by BBA based on key criteria such as the capacity of the electricity grid, and the main infrastructures available, including a deep water port, a railway, roads, utilities, and skilled labor.

Additional drilling and laboratory analyzes were completed in 2015 and the results are currently being analyzed and integrated by Geo-Logic in order to provide an estimate of the high purity silica reserves available on the Langis property.

Biofilia is responsible for carrying out the application for a certificate of authorization required under section 22 of the Québec Environmental Quality Act (EQA) at the MDDELCC. Biofilia will also produce the exclusive lease application for the exploitation of surface mineral substances according to the Ministry of Energy and Natural Resources standards. The project is defined by the operation and expansion of an existing quarry in the municipality of Saint-Vianney, Québec. The services will enable the following deliverables:

- Application for a certificate of authorization from MDDELCC; and

- Request for an exclusive lease from MERN.

Biofilia completed the environmental characterization of the potential sites in the summer of 2015.

Viridis.iQ GmbH (Viridis.iQ), the CME Consulting Engineers, conducted a Preliminary Economic Assessment report (PEA) including conceptual engineering studies, as well as the potential implementation of site comments, the determination of the mining methods, the definition of the conversion process, the choice of equipment, the estimation of investment and operating costs, the definition of a marketing plan and the development of a model and an integrated financial risk analysis, all leading to the completion of a draft PEA report in December 2015, with the final delivery in April 2016.

Celtis Capital was mandated to coordinate the preliminary economic assessment (PEA) of the implementation of a Hybrid Flex plant at a site to be determined in the province of Québec. The proposed Hybrid Flex project is aimed at the partial downstream integration of the Langis silica deposit located in the Matapédia region of Québec. All aspects of the proposed project will be integrated into the PEA developed by various qualified professionals and retained by CME, Including geological studies, process engineering, site selection, plant facility engineering, capital and operating cost estimates, market studies, environmental studies and economic analysis.

On April 28, 2016, the Company released the results of its preliminary economic evaluation report (PEA).

On June 22, 2016, a PEA report was filed to support the April 28th 2016 PEA disclosure. At the request of the AMF the Company prepared an amended technical report including the required principal modifications: a Qualified person to sign-off mineral resources with appropriate CIM 2014 guidelines disclosure, adjust the project so the PEA reflects the mineral resources available on the Langis property without 3rd party feed purchase of feed and a revised achievable plan of the mineral resources processing for the targeted product and the associated cash flow.

On October 4, 2016, the Company announces filing of an amended Technical Report for the revised Langis Preliminary Economic Assessment (PEA). The revision was required based on comments from the Autorité Des Marchés Financiers (AMF) regarding the resource model and metallurgical plant final products.

The revised divulgation and the revised PEA technical report supersede the disclosure of April 28, 2016 and the technical report of June 22, 2016 should not be relied upon.

On December 19, 2017, the Company announced that the company is proceeding forward with the next stage of the Langis Project development into a Pre-feasibility study (PFS). The Pre-feasibility study work was awarded to CIMA+, press released on April 19, 2018 and it was completed and filed on SEDAR on June 1st, 2018.

- **The Company outline robust pit-constrained mineral resources update at Langis and filed a technical report:**

  On February 5, 2018, the Company announced the filing of a technical report in compliance with National Instrument 43-101 (NI 43-101) on a mineral resources update for Langis.

  High-grade silica sandstone deposit at surface pit-constrained resources:

  - **3,900,000** tonnes Measured @ **99.01**% SiO_2;
  - **3,700,000** tonnes Indicated @ **98.92**% SiO_2;
  - **7,600,000** tonnes M&I @ **98.96**% SiO_2 at a cut-off grade of **97.00**% SiO_2; and
  - **14,000,000** tonnes Inferred @ **98.97**% SiO_2.

  Major increase in resource estimates 217% for Langis vs October 2016 resources.

Mineral Resources Statement

Cautionary Note:

The open-pit design includes 6.3 Mt of Probable & Proven Mineral Reserves at a grade of 99% SiO_2. In order to access these reserves, 0.8 Mt of overburden and 2.6 Mt of waste rock will need to be removed. This results in a stripping ratio (waste to ore) of 0.41. Table 1 presents the open-pit reserves for the Langis deposit.

Table 1: Open-Pit Mineral Reserves

Category	Tonnage	SiO_2 Grade (%)
Proven	3.5 Mt	99.0
Probable	2.8 Mt	99.0
Proven & probable	6.3 Mt	99.0

Source: GoldMinds Geoservices Inc.

- Waste in pit: stripping ratio of 0.41 to 1;
- Mining cost Mineralized Material $5/t;
- Mining Cost waste $ 5 /t;
- Processing Cost of Quarry including General & Administrative expenses $10/t;
- Recovery 95%;
- Slope angle of 45 degrees;
- Product value fixed at $44/t purchase price at the Quarry (these new current mineral resources are free of constrains and surface right limits).

In GMG opinion, trial quarrying with the current exlusive lease ("BEX") and the next step of a feasibility study will allow CME to:

- Adjust the drilling and blasting pattern to minimize fines and control the number of oversized rocks that need to be re-handled to minimize damage to quarrying equipment;
- Compile and analyze the on-going abrasion tests and Bond index tests to better define the energy required for crushing the material;
- Review quarry plans with new drilling information to optimize ore to waste ratio and reduce dilution;
- Provide optimized quarrying plans to contractors to refine quarrying costs.

Notes:

- Mineral Resources are not Mineral Reserves and have no demonstrated economic viability. The estimate of Mineral Resources may be materially affected by mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.
- CIM definitions of May 10, 2014 were followed with reasonable prospect of economic extraction.
- The resources are pit constrained by the Lerchs-Grossman pit optimizer with MineSight software.
- Density of rock used 2.33 t/m^3.
- Parameters used for the definition of mineral resources:

a. Mining cost of CAN$5/tonne;
b. Processing cost (crushing, screening, hauling to plant plus Quarry G&A) CAN$10/tonne;
c. Plant purchase price to Quarry CAN$44/tonne with mine recovery of 95% with no dilution.

Mining and Pit optimization

In this study, the quarry has to supply 162,680 tonnes of lump (+20 mm to -120 mm) per year. To achieve this requirement, it is necessary to consider the estimated crushing and screening yield of 75%, which bring the tonnage required to 203,350 plus a 10% buffer. This finally brings the target of annual extraction to 223,685 rounded at 225,000 tonnes of sandstone per year. It is expected that up to 25% (56,250 tonnes) of the production will be lost in fines during crushing and screening process to prepare the +20 mm to -120 mm plant feed, not suitable for the furnace, i.e. a yield of 75%. This material that is lower than 20 mm will be sold to a regional company as additive. Actual discussions see 75% of the fines sold at $32.50 per tonne as well as the waste material between 90-97% SiO_2 sold as well at $32.50 per tonne as regular aggregate at the moment of writing this report. This situation may change, and higher price could be achieved; these are base prices that can be publicly disclosed with public comparable. A limited amount of fines and aggregates is taken as a secondary commercial product in the study. All the quarry plan and waste/rejects storage sequence assume zero valuation of fines and waste to confirm the management is possible in the worst case, if no secondary product is sold.

Processing and Smelting

The Langis silica deposit will be quarried and recovered for use as a feedstock into a downstream ferrosilicon smelter in Baie-Comeau.

Process steps at the quarry site will consist of blasting, crushing, sieving and washing the silica before transportation to the smelter by truck and by barge to cross the St-Lawrence River to Baie-Comeau Silica that is too fine for use in the smelter can be marketed to local industries, while large chunks will be used directly in the smelter.

The smelter in Baie-Comeau will produce ferrosilicon by a pyrometallurgical process that combines silica from the Langis quarry with a carbon source, iron ore and wood chips in a SAF (submerged arc furnace or simply "furnace") in which these raw materials are smelted into ferrosilicon. Molten ferrosilicon is tapped from the furnace into ladles, refined as necessary, and then poured into molds to cool and solidify into large ingots. The ingots are removed from the mold after they have cooled sufficiently, then crushed and classified into chunks or powder for sale.

Capital and Operating Costs Summary

The capital cost of the project is the cost for the initial development of the project. Summary of the Project Capital Cost Estimate is shown below. The improvement in capital cost is due to optimized mine development, assuming mobile vs static beneficiation plant, actual quotes for camp, offices and infrastructure buildings from local vendors, revised HF Plant cost structure and indirect costs reflecting the local specifics.

The estimated consolidated direct capital requirements for CME's integrated Langis project, which encompasses the development of the Langis silica deposit as well as the proposed first phase of the downstream smelter operation in Baie-Comeau, is expected to amount to approximately $311.1M within a range of ±25%. Included in the estimation is approximately $220.3M of direct and $90.8M of indirect costs.

Table 2: Summary of Capital Cost Estimate

Capex Item	Cost in $
Direct Costs	
Quarry Development / Pre-Stripping	$250,000
Quarry Infrastructure	$821,000
Metallurgical Plant—Buildings	$50,422,495
Metallurgical Plant—Process	$135,921.510
Metallurgical Plant—Infrastructure	$32,884,236
TOTAL DIRECT	**$220,299,241**
Indirect Costs	
Owner's Costs	$8,029,992
Freight	$5,867,813
Heavy Lift (250-T Crane)	$620,000
Construction Indirect Costs	$11,509,212
EPCM	$21,922,824
Contingency	$32,884,237
TOTAL INDIRECT	**$90,834,078**
TOTAL DIRECT & INDIRECT	**$311,133,319**

Operating Costs

The operating costs for the project were estimated and calculated on an annual basis. A summary of the annual operating costs per area is shown below.

The operating costs are presented as a total annual cost in $ and on a per-unit basis on a cost per tonne of SiO_2 production at the Saint-Vianney quarry site as well as on a cost per tonne of final FeSi75 product.

The summary of the annual operating costs and the cost per tonne of SiO_2 and FeSi75 for an average year of operations is shown in the table below.

Table 3: Summary of Annual Operating Costs per Area

Area	Annual Cost in $	Unit Cost	Unit Cost
		($/t SiO_2)	($/t FeSi)
Labour	$11,750,6946	$90.60	$163.09
Power	$26,396,120	$203.53	$364.00
Materials, Consumables, Supplies	$46,491,4241	$358.48	$645.26
Other	$6,484,590	$50.00	$90.00
TOTAL	**$91,122,828**	**$702.61**	**$1,264.70**

Economic Analysis

An economic analysis based on the production and cost parameters of the project has been carried out and the results are shown in Table 4. In the analysis used were Ex-Works Metallurgical Plant selling prices of US$1,819 per tonne for ferrosilicon, US$250 per tonne for silica fume, and US$100 per tonne for silica slag. A US$/CAN$ exchange rate of 0.750 was assumed.

Table 4: Summary of the Life of Project Production, Revenues, and Costs

Description	Units	
Production—Mineralization	k tonnes	6,293
Production—Silica Product Feed to FeSi Plant	k tonnes	3,561
Production—Excess Silica Product Sold	k tonnes	1,159
Revenue	M $	5,030.4
Initial Capital Costs (excludes Working Capital)	M $	311.1
Sustaining Capital Costs	M $	21.0
Operating Costs (excludes Royalty Payments)	M $	2,500.5
Royalty Payments	M $	150.9
Closure Costs	M $	0.525
Total Pre-Tax Cash Flow	M $	2,085.8
Total After-Tax Cash Flow	M $	1,573.3

The financial indicators associated with the economic analysis are summarized in Table 5 show the sensitivity of the after-tax NPV and IRR, respectively, to variations in capital costs, operating costs, selling prices, and the US$/CAN$ exchange rate.

This study has been compiled according to widely accepted industry standards. Nonetheless, there is no certainty that the conclusions reached in this study will be realized.

Table 5: Summary of Financial Indicators

Base Case Results	Unit	Value
Pre-Tax (P-T) NPV @ 8%	M $	525.6
After-Tax (A-T) NPV @ 8%	M $	388.8
Pre-Tax IRR	%	24.5
After-Tax IRR	%	22.0
Pre-Tax Payback Period	years	3.8
After-Tax Payback Period	years	4.0

Project Economics Summary

Cautionary Note: The project cost estimates are deemed to be correct within +/-25%.

EXPLORATION OUTLOOK

Cautionary Note:

In GMG opinion, the actual resource appears sufficient for the contemplated project of CME. Most of the recommendations of 2016 have been realized and place the Property in good position for the next step. Our suggestions are now:

- Conduct a feasibility with the current Measured and Indicated resources within the crown land;
- Negotiate to acquire the surface right with Inferred resources to the west of the existing quarry where there is an open face and it is ready for quarrying technically.

QUALIFIED PERSON

Claude Duplessis, Eng. Goldminds Geoservices Inc., is the independent qualified person under NI 43-101 which have reviewed and prepared the information in the technical report and have approved the technical information contained in this document.

Quality Control and Assurance

Claude Duplessis, Eng. of Goldminds Geoservices Inc. has reviewed the procedures, the results and quality control on the analytical results with had inclusions of blanks and standards. The results were in line with expected values, certificates of analysis were reviewed against the drill hole database. The site visit has allowed to verify and validate geology and review the core at the core shack where witness core is kept. The QA/QC, the verifications and the site visit enable the disclosure of reliable mineral resources of the Langis Silica project for the PEA in conformity with CIM standards and National Instrument 43-101.

FUNCTIONAL AND PRESENTATION CURRENCY

These selected annual financial information, selected quarterly financial information and other financial information are presented in Canadian dollars, the Company's functional currency

SELECTED QUARTERLY FINANCIAL INFORMATION

Canadian Metals anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter to quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

The following selected quarterly financial information is derived from our unaudited condensed interim financial statements for each of the two most recently completed financial years.

CANADIAN METALS INC.

SELECTED QUARTERLY FINANCIAL INFORMATION

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
	$	$	$	$	$	$	$	$
STATEMENTS OF COMPREHENSIVE LOSS								
Operating expenses	300,681	193,398	170,751	138,374	199,727	209,452	210,620	741,825
Net finance expense	70,242	66,120	62,531	61,606	55,035	46,205	32,140	32,136
Deferred income tax recovery	-	(11,975)	(11,334)	(97,148)	(3,605)	-	-	-
Net loss	370,923	247,543	221,948	102,832	251,157	255,657	242,760	773,961
Loss per share								
Basic and diluted	0.004	0.004	0.005	0.002	0.006	0.006	0.006	0.019
MINING PROPERTIES AND EXPLORATION AND EVALUATION ASSETS								
Acquisition of mining properties	1,042,008	475,000	-	-	-	-	-	-
Acquisition of exploration and evaluation assets	133,820	133,820	81,744	161,379	64,805	(3,561)	126,740	19,083
STATEMENTS OF CASH FLOWS								
Cash flows used for operating activities	(227,483)	(228,725)	(138,177)	(153,974)	(248,295)	(246,819)	(84,649)	(195,175)
Cash flows from (used for) financing activities	2,782,872	2,288,629	87,052	4,842	355,500	773,182	(4,395)	24,384
Cash flows used for investing activities	(505,756)	(77,537)	(159,693)	(100,011)	(104,442)	(6,996)	(50,314)	(9,397)
Net change in cash and cash equivalents	2,049,633	1,982,367	(210,818)	(249,143)	2,763	519,367	(139,358)	(180,188)

	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
	$	$	$	$	$	$	$	$
STATEMENTS OF FINANCIAL POSITION								
Cash and cash equivalents	4,155,812	2,106,179	123,812	334,630	583,773	581,010	61,643	201,001
Mining properties	1,669,008	627,000	152,000	152,000	152,000	152,000	152,000	152,000
Exploration and evaluation assets	2,064,887	1,350,168	1,216,348	1,134,604	941,668	876,863	880,424	753,684
Total assets	8,028,663	4,150,685	1,568,649	1,694,843	1,775,730	1,723,923	1,208,773	1,220,036
Non-current financial liabilities	586,409	359,701	361,594	334,388	1,000,082	947,781	598,697	567,452
Equity	6,220,188	3,021,150	424,968	560,576	637,170	492,541	318,116	514,788

The net loss of $370,923 for Q3-2018 is mostly attributable to a share-based compensation expense of $128,125 due to the grant of 1,250,000 share options to officers, directors and a consultant in February 2018.

The net loss of $247,543 for Q2-2018 is mostly attributable to a slight increase in operating expenses as compared to operating expenses of previous quarters (Q1-2018 and Q4-2017) combined with a slight increase in net finance expense as compared to previous quarters and a deferred income tax recovery of $11,975 due to the amortization of other liability related to flow-through financings for the Q2-2018.

The net loss of $221,948 for Q1-2018 is mostly attributable to a slight decrease in operating expenses as compared to operating expenses of previous quarters combined with a deferred income tax recovery of $11,334 due to the amortization of Other liability related to flow-through financings for the Q1-2018.

The net loss of $251,157 for Q3-2017 is mostly attributable to a share-based compensation expense of $42,650 due to the grant of 500,000 share options to an officer and consultants in February 2017.

The net loss of $255,657 for Q2-2017 is mostly attributable to professional fees of $36,711 (final billing of the audit for the year ended July 31, 2016) combined with a travel and promotion expenses of $29,207 and net finance income of $46,205.

The net loss of $242,760 for Q1-2017 is mostly attributable to professional fees of $24,998 (partial billing of the audit for the year ended July 31, 2016) combined with a travel and promotion expenses of $42,691 participation to many conferences) and a share-based compensation expense of $26,088.

The net loss of $773,961 for Q4-2016 is mostly attributable to a write-down of mining properties and exploration and evaluation assets of $188,085 combined with a loss on settlement of accounts payable of $73,691 and a share-based compensation expense of $208,929.

The net loss of $282,311 for Q2-2016 is mostly attributable to an overvaluation of the management and consulting fees expenses adjusted in Q3-2016.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED APRIL 30, 2018

Net loss

The basic and diluted loss per share for the three-month period ended April 30, 2018 is $0.004 as compared to $0.006 for the three-month period ended April 30, 2017.

During the three-month period ended April 30, 2018, the Company realized a net loss of $370,923 as compared to a net loss of $251,157 for the three-month period ended April 30, 2017. The increase of $119,766 in net loss is mostly attributable to an increase in operating expenses of $100,954 ($300,681 in Q3-2018 compared to $199,727 in Q3-2017).

Operating expenses

During the three-month period ended April 30, 2018, operating expenses were $300,681 as compared to $199,727 for the three-month period ended April 30, 2017.

The increase of $100,954 in operating expenses is mostly attributable to an increase of $85,475 in share-based compensation expenses ($128,125 in Q3-2018 compared to $42,650 in Q3-2017).

Net finance expense

During the three-month period ended April 30, 2018, net finance expense was $70,242 as compared to $55,035 for the three-month period ended April 30, 2017.

The increase of $15,207 in net finance expense in Q3-2018 is mainly due to the interest expenses incurred from the new financing of convertible debentures of $400,000 concluded on March, 20, 2018.

Deferred income tax recovery

During the three-month period ended April 30, 2018, the Company recorded a deferred income tax recovery of $Nil as compared to $3,605 for the three-month period ended April 30, 2017. There were no major changes during the three-month period ended April 30, 2018 as compared to April 30, 2017.

RESULTS OF OPERATIONS FOR THE NINE-MONTH PERIOD ENDED APRIL 30, 2018

Net loss

The basic and diluted loss per share for the nine-month period ended April 30, 2018 is $0.012 as compared to $0.018 for the nine-month period ended April 30, 2017.

During the nine-month period ended April 30, 2018, the Company realized a net loss of $840,414 as compared to a net loss of $749,574 for the nine-month period ended April 30, 2017. The increase of $90,840 in net loss is mostly attributable to an increase of $ 65,513 in net finance expenses ($198,893 in 2018 compared to $133,380 in 2017) combined with an increase of $45,031 in operating expenses ($664,830 in 2018 compared to $619,799 in 2017).

Operating expenses

During the nine-month period ended April 30, 2018, operating expenses were $664,830 as compared to $619,799 for the nine-month period ended April 30, 2017.

The increase of $45,031 in operating expenses is mostly attributable to an increase of $77,907 in share-based compensation expenses ($146,645 in 2018 compared to $68,738 in 2017).

Net finance expense

During the nine-month period ended April 30, 2018, net finance expense was $198,893 as compared to $133,380 for the nine-month period ended April 30, 2017.

The increase of $65,513 in net finance expense in 2018 fees is mainly due to the interest expenses incurred from the new financing of convertible debentures of $610,000 concluded on December 12, 2016 and $400,000 concluded on March 20, 2018.

Deferred income tax recovery

During the nine-month period ended April 30, 2018, the Company recorded a deferred income tax recovery of $23,309 as compared to $3,605 for the nine-month period ended April 30, 2017.

The increase of $19,704 in 2018 as compared to 2017 in deferred income tax recovery is attributable to the amortization of $23,309 of other liability related to flow-through shares recorded from the flow-through financing of $249,000 concluded in December 2016 ($23,309 in 2018 compared to $3,605 in 2017). The Company incurred $116,544 eligible exploration expenditures during the nine-month period ended April 30, 2018 as compared to $18,026 eligible exploration expenditures during nine-month period ended April 30, 2018.

CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2018, the working capital amounted to $3,072,702 (negative $391,640 as at July 31, 2017) including cash of $4,155,812 ($334,630 as at July 31, 2017).

Cash flows used for operating activities

Cash flows used for operating activities were $594,385 during the nine-month period ended April 30, 2018, an increase of $14,622 as compared to cash flows of $579,763 used for operating activities during the nine-month period ended April 30, 2017. There were no major changes in 2018 as compared to 2017.

Cash flows from financing activities

Cash flows from financing activities were $5,158,553 during the nine-month period ended April 30, 2018, an increase of $4,034,266 as compared to cash flows of $1,124,287 from financing activities during the nine-month period ended April 30, 2017. The increase of $4,034,266 in cash flows from financing activities is explained by funds of $5,396,020 raised from private placements financing of common shares, flow-through shares and convertible debentures concluded during the nine-month period ended April 30, 2018 compared to funds of $1,204,000 generated from private placements financing of convertible debentures and flow-through shares concluded during the nine-month period ended April 30, 2017.

Cash flows used for investing activities

Cash flows used for investing activities were $742,986 during the nine-month ended April 30, 2018, an increase of $581,234 as compared to cash flows of $161,752 used for investing activities during the nine-month period ended April 30, 2017.

The increase of $581,234 is mostly explained by the acquisition mining properties and exploration and evaluation assets of $757,281 (net of the government grant of $100,000) during the nine-month period ended April 30, 2018 as compared to the acquisition of exploration and evaluation assets of $161,752 during the nine-month period ended April 30, 2017.

The Company expects to obtain financing in the future primarily through further equity financings. At present, the Company has no operations that generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits, arrange required funding through future equity issuances or a combination thereof. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. The Company relies on equity financings (including proceeds from warrants and options exercised) and debentures to fund its exploration activities, pre-feasibility study and its corporate and overhead expenses. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and caliber of its board and management. Actual funding requirements may vary from those planned due to many factors, including the progress of exploration activities and pre-feasibility study.

The Company's operations to date have been financed by issuing common shares and debentures. The Company's capability to continue as a going concern is dependent upon its ability to obtain additional equity financing to meet its obligations as they come due. If the Company was to become unable to continue as a going concern, then significant adjustments would be required to the carrying value of assets and liabilities, and to the balance sheet classifications currently used.

There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favorable. To date, the Company has not used debt or other means of financing to further its exploration and future development programs, and the Company has no plans to use debt financing at the present time.

It is expected that the current cash position will be sufficient to fund the Company's needs for the remainder of the fiscal year. Management will review several equity financing options as deemed appropriate.

RELATED PARTY TRANSACTIONS

Related parties include the Company's key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	Three-month period ended		Nine-month period ended	
	April 30 2018	April 30 2017	April 30 2018	April 30 2017
	$	$	$	$
Management and consulting fees	107,100	96,750	293,100	290,250
Share-based compensation	112,750	42,650	131,270	60,208
	219,850	139,400	424,370	350,458

In addition to the related party transactions presented elsewhere in the financial statements, the following is a summary of other transactions:

For the three-month and nine-month periods ended April 30, 2018, no legal fees were charged by a company in which a director is a partner ($Nil and $7,105 for the three-month and nine-month periods respectively ended April 30, 2017). There were no trade accounts and other payables as at April 30, 2018 ($11,310 as at July 31, 2017) due to this related party.

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

BOOK VALUE OF MINING PROPERTIES

At the end of each quarter, management reviews the carrying values of its resource properties to determine whether any write-downs are necessary. Following this analysis, the Company did not record a write-down during the three-month period April 30, 2018 ($Nil in Q3-2017).

CONTINGENCIES

Governmental laws and regulations regarding environmental protection regulate the Company's operations. The environmental consequences are not easily identifiable, either in terms of results, the impacts or the expiration date. Currently, and to the best knowledge of its management, the Company is in conformity with current laws and regulations.

SUBSEQUENT EVENTS

There were no subsequent events.

OFF-FINANCIAL POSITION ARRANGEMENTS

As at April 30, 2018, the Company does not have any off-financial position arrangements.

GOING CONCERN ASSUMPTION

The accompanying financial statements have been prepared on the basis of the on going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period.

Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt on the Company's ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classifications that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the nine-month period ended April 30, 2018, the Company recorded a net loss of $840,414 ($749,574 in 2017) and has an accumulated deficit of $5,360,576 as at April 30, 2018 ($4,520,162 as at July 31, 2017). Besides the usual needs for working capital, the Company must obtain funds to enable it to meet the timelines of its exploration programs and to pay its overhead and administrative costs. As at April 30, 2018, the Company had a working capital of $3,072,702 (negative working capital of ($391,640) as at July 31, 2017) consisting of cash and cash equivalents of $4,155,812 ($334,630 as at July 31, 2017). Management believes that these funds will be sufficient to meet the obligations and liabilities of the Company for the next 12 months. However, the continued losses combined with the uncertainties of obtaining sufficient funding to meet the Company's obligation past the next 12 months cast significant doubt regarding the Company's ability to continue as a going concern. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets. During the period ended April 30, 2018, the Company has raised $5,396,020 from private placements consisting of common shares, flow-through shares and convertible debentures ($1,214,500 during the year ended July 31, 2017 from private placements consisting of common shares, flow-through shares and convertible debentures) to fund exploration works and working capital. While management has been successful in raising financing in the past, there is no assurance that it will succeed in obtaining additional financing in the future.

CAPITAL MANAGEMENT

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholders of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity and convertible debentures. Capital for the reporting periods is presented in the statement of changes in equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which the amount should be used for exploration work. On December 29, 2016, the Company completed a flow-through private placement of $249,000. As at December 31, 2017, the Company fulfilled its obligation by incurring $249,000 in eligible exploration and evaluation expenditures until December 31, 2017. On December 28 and 29, 2017, the Company completed a flow-through private placement of $683,520. As at April 30, 2018, the Company incurred $31,644 in eligible exploration and evaluation expenditures and consequently the Company has the obligation to incur a remaining balance of $651,876 in exploration expenditures no later than December 31, 2018 in order to comply with the requirements of flow-through private placement.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and convertible debentures. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve. No changes were made in the objectives, policies and processes for managing capital during the reporting periods.

CANADIAN METALS INC.

CAPITAL

	April 30 2018	January 31 2018	October 31 2017	July 31 2017	April 30 2017	January 31 2017	October 31 2016	July 31 2016
	$	$	$	$	$	$	$	$
Convertible debentures	1,284,038	1,021,685	1,022,807	961,092	1,000,082	947,781	598,697	567,452
Equity	6,220,188	3,021,150	424,968	560,576	637,170	492,541	318,116	514,788

FINANCIAL ASSETS AND LIABILITIES

The carrying amount and fair value of financial instruments presented in the statements of financial position related to the following classes of assets and liabilities:

		April 30 2018		July 31 2017
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Loans and receivables				
Cash and cash equivalents	4,155,812	4,155,812	334,630	334,630
Other receivables (1)	-	-	-	-
	4,155,812	4,155,812	334,630	334,630
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade accounts payable and accrued liabilities	524,437	524,437	149,866	149,866
Convertible debentures	1,284,038	1,284,038	961,092	961,092
	1,808,475	1,808,475	1,110,958	1,110,958

(1) Excluding sales tax receivable, tax credits receivable and mining tax receivable.

The fair value of cash and cash equivalents, other receivables, trade accounts and accrued liabilities is comparable to its carrying amount given the short period to maturity, i.e. the time value of money is not significant.

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. The convertible debentures were classified under level 2 in 2018 and 2017.

The techniques and evaluation methods used to measure fair value were not changed compared to previous years. The fair value of the convertible debentures was determined by discounting the future cash flows using an interest rate estimated to reflect a rate that the Company would have obtained for similar financings without the conversion option.

OUTSTANDING SHARE CAPITAL

CANADIAN METALS INC.
Disclosure of outstanding share data (as at June 19, 2018)

Outstanding common shares: 113,573,902

Outstanding share options: 4,875,000
Average exercise price of: $0.132
Average remaining life of: 3.01 years

Expiry date	Number	Exercise price	Remaining life
		$	(years)
July 22, 2018	200,000	0.19	0.09
October 2, 2018	400,000	0.12	0.29
February 25, 2020	450,000	0.10	1.69
June 12, 2020	200,000	0.17	1.98
February 26, 2021	1,150,000	0.10	2.69
May 7, 2021	200,000	0.37	2.88
June 20, 2021	125,000	0.26	3.00
February 21, 2022	500,000	0.105	3.68
October 3, 2022	400,000	0.075	4.29
February 5, 2023	1,250,000	0.14	4.63
	4,875,000		

Outstanding warrants: 39,262,949
Average exercise price of: $0.150
Average remaining life of: 1.52 years

Expiry date	Number	Exercise price	Remaining life
		$	(years)
September 15, 2018	2,500,000	0.15	0.24
December 12, 2018	25,950	0.20	0.48
April 16, 2019	620,834	0.15	0.82
December 12, 2019	5,208,333	0.15	1.48
December 28, 2019	269,091	0.15	1.52
December 29, 2019	557,165	0.15	1.53
January 19, 2020	17,140,666	0.15	1.59
March 13, 2020	12,650,000	0.15	1.73
March 20, 2020	290,910	0.15	1.75
	39,262,949		

Ressources Québec owns 13.28% of the outstanding shares.

USE OF ESTIMATES AND JUDGEMENTS: CRITICAL ESTIMATES

The preparation of the financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 3 of the Company's annual audited financial statements for the year ended July 31, 2017 for a more detailed discussion of the critical accounting estimates and judgments.

IFRS ACCOUNTING POLICIES

The Company's significant accounting policies under IFRS are disclosed in note 4 in the audited annual financial statements for the year ended July 31, 2017.

RISK AND UNCERTAINTIES

An investment in the common shares of the CME should be considered highly speculative. Canadian Metals is subject to a variety of risks, some of which are described below. If any of the following risks occur, the business, results of operations or financial condition could be adversely affected in a material manner.

Credit risk

Credit risk is the risk that the other party to a financial instrument fails to honour one of its obligations and, therefore, causes the Company to incur a financial loss.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality.

Credit risk of cash and cash equivalents is considered negligible, since the counterparty is a reputable bank with excellent external credit rating.

None of the Company's financial assets is secured by collateral or other credit enhancements.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the past and during the year, the Company has financed its acquisitions of mining rights, exploration costs and working capital needs through private financings (issuance of shares and convertible debentures in 2017). Management estimates that the cash and cash equivalents as at April 30, 2018 will be sufficient to meet the Company's needs for cash for the next 12 months.

Contractual maturities of financial liabilities (including capital and interest) are as follows:

				April 30 2018
	Less than 1 year	**1-5 years**	**More than 5 years**	**Total**
	$	$	$	$
Trade accounts payable and accrued liabilities	524,437	-	-	524,437
Convertible debentures (1)	770,000	-	-	770,000
Convertible debentures (2)	61,000	732,000	-	793,000
Convertible debentures (3)	31,178	560,000	-	591,178
	1,386,615	1,292,000	-	2,678,615

				July 31 2017
	Less than 1 year	**1-5 years**	**More than 5 years**	**Total**
	$	$	$	$
Trade accounts payable and accrued liabilities	149,866	-	-	149,866
Convertible debentures (1)	770,000	-	-	770,000
Convertible debentures (2)	61,000	762,500	-	823,500
	980,866	762,500	-	1,743,366

Exploration and mining risks

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration and evaluation stage only. The business of mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into production. Currently, there are no known bodies of commercial ore on the mineral properties of which the Company owns an interest. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

Unusual or unexpected formations, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs.

The economics of developing mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, nor any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

Permits and licenses

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Metal prices

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

Environmental regulations

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Conflicts of interest

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Stage of development

The Company's properties are in the exploration stage and to date none of them has a proven ore body. The Company does not have a history of earnings or providing a return on investment, and in future, there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

Industry conditions

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

Uninsured risks

The Company's business is subject to a number of risks and hazards, including environmental conditions adverse, environmental regulations, political uncertainties, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Capital needs

The exploration and evaluation, development, mining and processing of the Company's properties may require substantial additional financing. The only current source of future funds available to the Company is the sale of additional equity capital and the borrowings of funds. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position.

In addition, any future equity financings by the Company may result in a substantial dilution of the existing shareholders. Failure to obtain sufficient financing may result in delaying or indefinite postponement of further exploration and evaluation, development or production on any or all of the Company's properties or even a loss of property interest.

Key employees

Management of the Company rests on a few key officers and members of the Board of Directors, the loss of any of whom could have a detrimental effect on its operations. The development of the Company's business is and will continue to be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company faces competition for personnel from other employers.

Canada Customs and Revenue Agency

No assurance can be made that Canada Customs and Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).

CERTIFICATION OF INTERIM FILINGS

The President and Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Interim Filings as required by National Instrument 52-109 for venture issuer, thus confirming, the review, the absence of misrepresentations and the fair presentation of the interim filings.

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the interim financial report and the interim MD&A (together, the "interim filings") of the Company for the three-month period ended April 30, 2018.

- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.

- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the period presented in the interim filings.

ADDITIONAL INFORMATION

The additional information on the Company is available through regular filings of quarterly financial statements and press releases on Sedar (www.sedar.com) and on the Company's web site www.canadianmetalsinc.com.

Officers

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