CANADIAN METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three-month period ended

October 31, 2018

(First 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 period ended October 31, 2018.

This MD&A complements the condensed interim unaudited financial statements for the three-month period ended October 31, 2018 which were prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting.* This MD&A should be read in conjunction with the Company's audited financial statements and corresponding notes for the year ended July 31, 2018 and related MD&A. This MD&A is prepared as December 17, 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 December 17, 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,* specializes in the acquisition, exploration, evaluation and development of mineral properties in Quebec and New Brunswick. The Company is mainly focused on the development of the Langis project, a high-purity silica deposit located in the province of Quebec, with a proposed downstream integration into silicon production.

BUSINESS DEVELOPMENT HIGHLIGHTS:

- **Project Updates:**

  On August 14, 2018, Canadian Metals Inc. provided an update on its Baie-Comeau smelter project. Since the filing of the amended prefeasibility study (PFS) on July 11, 2018, the Company has made significant improvements and modifications to the development plans of the project. The environmental study was under way and the discussions were progressing with equipment manufacturers and engineering firms to execute the feasibility study. The target is to apply for permitting in the fall of 2018 and have the permit and feasibility study ready in spring 2019. Production of silicon with emphasis for the aluminum and polysilicon industry instead of ferrosilicon production is a major positive change. The purification techniques will enable to reduce electrode costs, one of the major cost components in silicon production. Hydro-Québec will supply power through an allocation agreement at competitive prices for electricity. The location of the plant near the silica supply and the port of Baie-Comeau also offers competitive advantages.

  On August 22, 2018, the Company signed a letter of intent with the City of Baie-Comeau to reserve a parcel of land of 43.1 hectares where the smelter will be built. The agreement is valid until December 31, 2019 and is conditional upon agreement of standard terms and conditions.

- **Board of Directors:**

  On September 17, 2018, Canadian Metals Inc. announced the appointment of Mr. Roger Urquhart to the board of directors. Roger Urquhart is a graduate of McGill University in Montreal and received his B.Eng./M.Eng. Metallurgy in 1968 and 1970. He also received his Ph.D. Metallurgy from the University of Witwatersrand, Johannesburg in 1973. He worked at Fenco Lavalin, SNCLavalin and Hatch in various functions as Director of Metallurgy and Vice-President. He was responsible for numerous feasibility studies, project executions and due diligence. Much of his career is dedicated to ferroalloys including many silicon projects. He is the author of numerous technical papers and presentations at all the major metallurgy conferences.

- **Amendment of Debentures:**

  On September 6, 2018, the Company announced that it has amended the terms of the $665,000-10% debentures, including an extension of the maturity date to December 31, 2022.

  Amendment of the debentures included the following:

  - extension of the maturity date from July 27, 2018 to December 31, 2022
  - amendment of the conversion price from $0.20 to $0.15 per share
  - addition of a forced conversion provision
  - principal amount of $665,000, net of $35,000 repayment

BUSINESS DEVELOPMENT SUBSEQUENT EVENTS:

- **Board of Directors:**

  On November 5, 2018, the Company announced the appointment of Mr. Pierre Renaud to the board of directors. Mr. Pierre Renaud, counsel and head of the Environmental Law Group for the Quebec region at McCarthy Tetrault LLP, has 31 years of experience in environmental law. He acts as a strategic advisor to clients and provides guidance from the earliest project stages on matters such as sustainable development, social acceptability, the environmental authorization process, consultation and public participation processes.

- **Grant of share options:**

  On November 5, 2018, the Company granted 600,000 share options to certain directors to purchase 600,000 common shares of the Company at an exercise price of $0.15 per share and expiring on November 5, 2023.

- **Project Updates:**

  On November 13, 2018, Canadian Metals Inc. announced that it officially began the definitive feasibility study on the Baie-Comeau Silicon industrial project, in partnership with Metix of South Africa, SMS Group. They will supply the basic design and costing to establish an EPS price for a 25MW DC furnace. Scope of Work includes the furnace feed, DC furnace, primary off-gas cleaning, secondary fume capture, off-gas dust handling, casting operations, product crushing, sizing and bagging. Mesar of Trois-Rivières will supply the preliminary engineering including all common services such as buildings and furnace and electrical services including the high voltage substation. WSP of Baie-Comeau will oversee the environmental study necessary to obtain the authorization certificate. These mandates are expected to be completed before summer 2019. Financing structure for the construction of the plant and the search for potential strategic investors is ongoing with a targeted plant startup in Q3 2021.

- **Obligations from an Option Agreement:**

  During the first quarter ended October 31, 2018, the Company has completed the second and third milestones from the March 16, 2018 option agreement with NB Zinc Inc. It consisted of $300,000 of work expenditures, $200,000 in cash and the issuance of 5,000,000 shares to acquire a 100% interest in the TV Tower, Mountain Brook and Blackshale SedEx properties, located in Bathurst, New Brunswick. In order to complete the exercise of the option, the Company's final obligation is to issue an additional 5,000,000 shares on or before November 1, 2019.

- **Royalty Purchase:**

  On November 28, 2018 the Company entered into a related party royalty purchase agreement pursuant to which Canadian Metals will acquire the 3% NSR and 7% NTI royalty on the Langis Property. Under the terms of the royalty purchase agreement, the Company will issue 500,000 common shares and grant 3,500,000 warrants. Each warrant will be exchangeable for a share at an exercise price of $0.15 per share for a period of 5 years following the closing of the royalty transaction.

- **Acquisition of 20% Interest in Québec Properties:**

  Also, on November 28, 2018, the Company has executed a related party subscription agreement with FeTiV Minerals Inc. ("FeTiV") to acquire an indirect 20% interest in the Tetagouche, Silicate Brutus, Seignelay, Lac Robot, Baie-Trinité and Mouchalagane properties (Québec properties), through the acquisition of a 20% equity interest in FeTiv for a consideration of $440,000 in exploration expenses. The Québec properties are wholly owned by FeTiV and are subject to a 2% NSR.

MINING PROPERTIES – DESCRIPTION:

Langis Property (Matane):

Canadian Metals inc. owns a 100% interest in Langis Property. Langis Silica Property is located between the towns of Amqui and Matane, in the Matapédia region in Québec province. The quarry is fully permitted with the exclusive lease (BEX) and the Certificate of Authorization from the Québec Ministère du Développement Durable, de l'Environnement et de la Lutte contre les Changements Climatiques (MDDELCC). The quarry permit in place allows for the extraction of 674,000 tonnes.

A NI 43-101 Pre-Feasibility Study (PFS) for the Langis mineral project including the Baie-Comeau smelter was completed and filed on SEDAR on June 1, 2018. On July 11, 2018, the Company filed an Amended Langis Project Prefeasibility technical report.

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.

- *Cautionary Note: Mineral resources that are not mineral reserves have not 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.*

As described above, the 3% net smelter return royalty in favor of 9285-3696 Québec Inc. was purchased on November 28, 2018 in exchange of 500,000 common shares and 3,500,000 warrants.

Baie-Comeau Smelter:

On August 14, 2018, the Company announced that it was making significant improvements and modifications to the development of the project. The revised project includes significant changes, such as: a change in the end-product from ferrosilicon to silicon 99%, a change in the equipment and process and a change in the size of the smelter, therefore reducing the volumes to be produced. On November 13, 2018, the Company announced that it was beginning an industrial Definitive Feasibility Study (DFS) which will focus mainly on the smelter, the equipment, the engineering and the environment. The planned industrial DFS will not correspond to a feasibility study as defined under NI 43-101. Consequently, the planned DFS will not support the disclosure of the scientific and technical information concerning the Langis mineral project.

The smelter in Baie-Comeau will produce silicon by a pyrometallurgical process that combines silica from the Langis quarry (or possibly other sources) 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 silicon. Molten silicon 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 pieces of various sizes or powder for sale.

MINING PROPERTIES – DESCRIPTION (CONTINUED):

The Langis East Property (acquired from Osisko Metals Incorporated on August 1, 2018):

The Colline Tortue Property consists of 10 designated claims (CDCs) covering a total area of 569.08 hectares located in the Matapedia region of the Gaspe peninsula of Quebec.

The property is located 2.5 kilometres west of the Langis Property owned by Canadian Metals.

Historical work done on the Colline Tortue Property consists of mapping sampling and diamond drilling. The historical diamond drilling was conducted by Uniquartz Inc. in 1983. The quartzite of the Val Brillant formation was intercepted with thickness of over 80 metres and remains open at depth and along strike. According to historical documents from Uniquartz and MERN (Ministry of Energy and Natural Resource of Quebec) data, the Val Brillant formation is subhorizontal, dipping up to 13 degrees. It appears as a large band approximately 450 metres wide and has a minimum strike length of 1,700 metres; with potential length of 3,300 metres within the property's boundaries.

The La Chesnaye Lake Silica Property:

The La Chesnaye Lake Silica Property is located 11km north of Baie-Comeau, in the province of Québec, Canada. The property covers a total area of 448 ha and comprises of 8 claims that are in the process of being granted and one claim that was previously acquired from SiO2 Canada Ltd. These claims are 100% held by Canadian Metals Inc.

An exploration campaign consisting of 15 diamond drill holes (565 m) and 4 trenches was conducted by North Shore Paper Co. between 1952 and 1957. Ressources Vogues Inc. conducted another exploration campaign in 1994 and obtained an average grade of 99.18% SiO2 for the property's silica. NI 43-101 non-compliant reserves of 3.5 Mt were published in the 20/10/1985 edition of the Northern Miner Magazine (GM #54172).

The historical drilling presents a zone of interest of 300 meters long by 60m by width by 30m depth. The quartzite is within a paragneiss in the geological province of Greenville of the Paleoproterozoic era and mapped as part of the de Bourdon complex. The quartzite grain size varies from medium to coarse and show colorless material with glass look and conchoidal fractures. In some places micas and hematite are observed. The silica deposit is oriented Nord 45.

The Brunswick Black Shale Property:

The Brunswick Black Shale Property is composed of a total of 163 claim units covering approximately 3,557 hectares and is located 10 km west of the Brunswick No. 12. Property geology is composed of Ordovician sediments intruded by Silurian/Devonian gabbroic and diabase dikes. The property is situated on one of the largest gravity anomalies of the Bathurst mining camp and several conductivity anomalies. New Brunswick regional stream sediment sampling has identified anomalous zinc, manganese, nickel and cobalt values.

Mineralization highlights for the Brunswick Black Shale Property include a quartz carbonate zone with assay results up to 15 grams per tonne Au coincident with a prominent magnetic anomaly. Noranda reported float containing 12,600 parts per million Zn and 2,320 ppm lead in the vicinity of a conductor. A local prospector later reported a brecciated boulder containing 4.1 g/t Au.

MINING PROPERTIES – DESCRIPTION (CONTINUED):

The TV Tower Property:

The TV Tower Property is composed of a total of 53 claim units covering approximately 1,157 hectares. The TV Tower Property hosts a Zn-Cu-Au massive sulphide lens. A new target for mineral exploration, located only 14 km south of the Trevali Caribou mines. The geological unit comprises dacitic to rhyolitic quartz-feldspar crystal tuff, dark grey iron formation and massive sulphides of the Tetagouche group. The property includes historic diamond drill intersects up to 5.15 per cent Zn.

The Mountain Brook Property:

The Mountain Brook Property is composed of a total of 139 claim units covering approximately 3,048 hectares. The Mountain Brook Property is located only seven km south of the Heath Steele mines. The geological unit comprises quartz-feldspar crystal tuff and mafic volcanic rocks of the Tetagouche group. Zn, Pb, Cu and Ag mineralization is disseminated along the contact of the mafic rock and felsic rock and it is closely associated with rich magnetite and siderite mineralization. New Brunswick provincial geologist R.R Irrinki, in 1986, estimated that the mineralization may have a strike length of 4,000 metres. Mountain Brook's best drill intersects include results up to 4.6 per cent Zn, 4.9 per cent Pb and 13.37 g/t Ag

EXPLORATION HIGHLIGHTS:

- **Option Agreement, Purchase of a Property and Share Issuance:**

  On August 1, 2018, Canadian Metals Inc. announced an option agreement with Osisko Metals Inc. to acquire four strategically located properties in New Brunswick and Quebec. The transaction includes three base metal properties in Bathurst, New Brunswick (Six Mile Brook, Middle River, Tetagouche) in exchange for a 50% interest and $250,000 in exploration expenditure before December 31, 2018. The fourth property is a silica property (Langis East) in St-Vianney, Quebec, acquired 100% undivided interest in exchange for 1 million common shares of Canadian Metals Inc.

- **The exploration grant of $30,000 for worked done in New Brunswick on the TV Tower Property was received in two parts; $12,000 in July 2018 and $18,000 in during the first quarter ended October 31, 2018.**

- **The Company has started exploration works at TV Tower Property with trenching.**

  The Company has mandated GoldMinds Geoservices Inc. to supervise exploration activities executed from June to August 2018 by an exploration team. Trenching led to the discovery of massive sulfide mineralisation. Diamond drilling has followed the trenching and significant sulfides mineralisation was encountered. A first NI 43-101 technical report is in preparation which is due by the end of 2018.

EXPLORATION SUBSEQUENT EVENT HIGHLIGHTS:

- **Langis Property (Matane)**

  In order to verify some extent and fill some gaps in drill hole spacing, a 355m drill program has been initiated. Work completion is due in 2018.

- **The company has started exploration works at Lac La Chesnaye.**

  The company has mandated GoldMinds Geoservices Inc. to complete a technical report due by the end of 2018.

EXPLORATION AND EVALUATION EXPENSES:

See below for the detailed analysis of the exploration and evaluation expenses realized on the Baie Trinite,Silicate-Brutus, Mouchalagane, Lac Robot and Seignely Properties in Quebec before the acquisition of the mining rights accounted for in the financial statement of comprehensive loss for the period ended October 31, 2018.

	Quebec					
	Baie Trinite	**Silicate-Brutus**	**Mouchalagane**	**Lac Robot**	**Seignelay**	**Total**
	$	$	$	$	$	$
Exploration and evaluation costs:						
Surveys	43,260	108,270	139,350	87,310	63,810	442,000
	43,260	108,270	139,350	87,310	63,810	442,000

EXPLORATION ACTIVITIES:

QUEBEC AND NEW BRUNSWICK

Exploration activities for the three-month period ended October 31, 2018

During the three-month period ended October 31, 2018, the Company invested $22,903 in exploration and evaluation assets, net of grants of $118,000 ($81,744 for the three-month period ended October 31, 2017) of which 56,13% of the total was spent on the New Brunswick properties and the remaining 43,87% spent on the Langis and Lac La Chesnaye properties.

Exploration and evalution assets
For the three-month period ended October 31, 2018

	Quebec		New Brunswick			
	Langis	**Lac La Chesnaye**	**Blackshale**	**Mountain Brook**	**TV Tower**	**Total**
	$	$	$	$	$	$
Exploration and evaluation costs:						
Sampling	-	-	-	-	56,658	56,658
Feasibility study	32,235	-	-	-	-	32,235
Technical reports	122	20,869	-	-	-	20,991
Geology	3,160	2,455	-	-	9,560	15,175
Maintenance and field supplies	1,745	1,000	540	540	663	4,488
Travel and entertainment	-	-	-	-	2,529	2,529
Excavator	-	-	-	-	2,201	2,201
Transportation	-	-	-	-	1,869	1,869
Lodging	-	-	-	-	1,151	1,151
Consultant	-	-	-	-	1,239	1,239
Taxes and permits	234	-	-	-	772	1,006
Assays	-	-	-	-	706	706
Drilling	-	-	-	-	655	655
	37,496	24,324	540	540	78,003	140,903
Other items:						
Grants	(100,000)	-	-	-	(18,000)	(118,000)
Balance at the beginning	2,081,808	62,722	41,007	31,222	300,862	2,517,621
Balance at the end	2,019,304	87,046	41,547	31,762	360,865	2,540,524

EXPLORATION ACTIVITIES (CONTINUED):

Exploration and evaluation assets

For the three-month period ended October 31, 2017

	Langis	Quebec Lac La Chesnaye	Total
	$	$	$
Exploration and evaluation costs:			
Drilling	46,422	10,246	56,668
Environment	16,087	-	16,087
Supervision	8,989	-	8,989
	71,498	10,246	81,744
Other items:			
Tax credit related to resources and mining tax	-	-	-
Balance at the beginning	1,134,604	-	1,134,604
Balance at the end	1,206,102	10,246	1,216,348

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:

The 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.

SELECTED QUARTERLY FINANCIAL INFORMATION (CONTINUED):

	2019 Q1	Q4	Q3	Q2	2018 Q1	Q4	Q3	2017 Q2
	$	$	$	$	$	$	$	$
STATEMENTS OF COMPREHENSIVE LOSS								
Operating expenses	802,626	842,060	300,681	193,398	170,751	138,374	199,727	209,452
Net finance expenses	77,958	79,244	70,242	66,120	62,531	61,606	55,035	46,205
Deferred income tax recovery	-	(137,507)	-	(11,975)	(11,334)	(97,148)	(3,605)	-
Net loss	880,584	783,797	370,923	247,543	233,282	102,832	251,157	255,657
Loss per share Basic and diluted	0.008	0.007	0.004	0.004	0.005	0.002	0.006	0.006
MINING PROPERTIES AND EXPLORATION AND EVALUATION ASSETS								
Acquisition of mining properties	91,460	1,064	1,042,008	475,000	-	-	-	-
Acquisition of exploration and evaluation assets	140,903	931,690	714,719	133,820	81,744	161,379	64,805	(3,561)
STATEMENTS OF CASH FLOWS								
Cash flows used for operation activities	(1,206,219)	(328,405)	(227,483)	(228,725)	(138,177)	(153,974)	(248,295)	(246,819)
Cash flow from financing activities	(966)	(103)	2,782,872	2,288,629	87,052	4,842	355,500	773,182
Cash flow used for investing activities	(24,363)	(332,357)	(505,756)	(77,537)	(159,693)	(100,011)	(104,442)	(6,996)
Net change in cash and cash equivalents	(1,231,548)	(4,896,525)	2,049,633	1,982,367	(210,818)	(249,143)	2,763	519,367

	2019 Q1	Q4	Q3	Q2	2018 Q1	Q4	Q3	2017 Q2
STATEMENTS OF FINANCIAL POSITION	$	$	$	$	$	$	$	$
Cash and cash equivalents	2,263,399	3,494,947	4,155,812	2,106,179	123,812	334,630	583,773	581,010
Mining properties	1,761,532	1,670,072	1,669,008	627,000	152,000	152,000	152,000	152,000
Exploration and evaluation assets	2,540,524	2,517,621	2,064,887	1,350,168	1,216,348	1,134,604	941,668	878,863
Total assets	6,795,250	7,961,382	8,028,663	4,150,685	1,568,649	1,694,843	1,775,730	1,723,923
Non-current financial liabilites	1,422,596	1,797,178	1,808,475	1,129,535	1,143,681	334,388	1,000,082	947,781
Equity	5,372,654	6,164,204	6,220,188	3,021,150	424,968	560,576	637,170	492,541

SELECTED QUARTERLY FINANCIAL INFORMATION (CONTINUED):

The net loss of $880,584 for Q1-2019 is mostly attributable to an increase in general exploration expenses of $442,000 and in operating expenses.

The net loss of $783,797 for Q4-2018 is mostly attributable to a share-based compensation expense of $434,067 due to the grant of 4,250,000 share options to officers, directors and consultants in June 2018 combined with management and consulting fees of $288,356, finance expenses of $79,244 and loss on settlement of convertible debentures of $35,522 offset by deferred income tax recovery of $137,507.

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 $233,282 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 $102,832 for Q4-2017 is mostly attributable to management and consulting fees of $107,250 combined with finance expenses of $61,608 offset by deferred income tax recovery of $97,148.

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.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED OCTOBER 31, 2018:

Net loss

The basic and diluted loss per share for the three-month period ended October 31, 2018 is $0.008 as compared to $0.005 for the three-month period ended October 31, 2017.

During the three-month period ended October 31, 2018, the Company realized a net loss of $880,584 as compared to a net loss of $233,282 for the three-month period ended October 31, 2017. The increase of $658,636 in net loss is mostly attributable to an increase in general exploration expenses of $442,000, management and consulting fees of $81,233 and professional fees of $63,693.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED OCTOBER 31, 2018 (CONTINUED):

Operating expenses

During the three-month period ended October 31, 2018, operating expenses were $802,626 as compared to $170,751 for the three-month period ended October 31, 2017. The increase of $631,875 in operating expenses is mostly attributable to an increase of $442,000 in general exploration expenditures, management and consulting fees of $81,233 and professional fees of $63,693.

Net finance expense

During the three-month period ended October 31, 2018, net finance expense was $77,958 as compared to $62,531 for the three-month period October 31, 2017. The increase of $15,427 in net finance expense in Q1-2019 is mainly due to the interest expenses incurred from the convertible debentures.

Cash Flows, Liquidity and Capital Resources

As at October 31, 2018, the working capital amounted to $2,078,917 ($2,907,298 as at July 31, 2018) including cash of $2,263,399 ($3,494,9247 as at July 31, 2018).

Cash flows used for operating activities

Cash flows used for operating activities were $1,206,219 during the three-month period ended October 31, 2018, an increase of $1,068,042 as compared to cash flows of $138,177 used for operating activities during the three-month period ended October 31, 2017. The increase of $1,068,042 is mainly due to the increase of general exploration expenses, management and consulting fees, professional fees and the decrease of trade accounts payable and accrued liabilities.

Cash flows from financing activities

Cash flows used for financing activities were $966 during the three-month period ended October 31, 2018, an increase of $88,018 as compared to cash flows of $87,052 from financing activities during the three-month period ended October 31, 2017. The Company did not raise any private placements during the quarter which explains the decrease of $88,018 in cash flows from financing activities.

Cash flows used for investing activities

Cash flows used for investing activities were $24,363 during the three-month ended October 31, 2018, a decrease of $135,330 as compared to cash flows of $156,693 used for investing activities during the three-month period ended October 31, 2017. The decrease of $135,330 is mostly explained by the government grants of $118,000 received during the quarter.

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:

RELATED PARTY TRANSACTIONS (CONTINUED):

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	
	October 31 2018	**October 31 2017**
	$	**$**
Management and consulting fees	181,749	96,750
	181,749	96,750

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

As at October 31, 2018, trade accounts payable and accrued liabilities include $13,671 ($124,883 as at July 31, 2018) payable to key management personnel.

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.

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:

On November 5, 2018, the Company granted 600,000 share options to certain directors to purchase 600,000 common shares of the Company at an exercise price of $0.15 per share and expiring on November 5, 2023.

On November 28, 2018 the Company entered into a related party royalty purchase agreement pursuant to which Canadian Metals will acquire the 3% NSR and 7% NTI royalty on the Langis Property. Under the terms of the royalty purchase agreement, the Company will issue 500,000 common shares and grant 3,500,000 warrants. Each warrant will be exchangeable for a share at an exercise price of $0.15 per share for a period of 5 years following the closing of the royalty transaction.

Quebec Properties Option Agreement

Also, on November 28, 2018, the Company has executed a related party subscription agreement with FeTiV Minerals Inc. ("FeTiV") to acquire an indirect 20% interest in the Tetagouche, Silicate Brutus, Seignelay, Lac Robot, Baie-Trinité and Mouchalagane properties (Québec properties), through the acquisition of a 20% equity interest in FeTiv for a consideration of $440,000 in exploration expenses. The Québec properties are wholly owned by FeTiV and are subject to a 2% NSR.

OFF-FINANCIAL POSITION ARRANGEMENTS:

As at October 31, 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 three-month period ended October 31, 2018, the Company recorded a net loss of $880,584 ($221,948 in 2017) and has an accumulated deficit of $7,024,957 as at October 31, 2018 (6,144,373 as at July 31, 2018). 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 October 31, 2018, the Company had a working capital of $2,078,917 (working capital of $2,907,298 as at July 31, 2018) and cash and cash equivalents of $2,263,399 ($3,494,947 as at July 31, 2018). These uncertainties cast 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.

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:

		October 31 2018		**July 31 2018**
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	**$**	**$**	**$**
Financial assets				
Loans and receivables				
Cash and cash equivalents	2,263,399	2,263,399	3,494,947	3,494,947
Other receivables (1)	-	-	12,814	12,814
	2,263,399	2,263,399	3,507,761	3,507,761
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade accounts payable and accrued liabilities	343,207	343,207	760,211	760,211
Convertible debentures	1,009,345	1,009,345	966,923	966,923
	1,422,596	1,422,596	1,727,134	1,727,134

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

FINANCIAL ASSETS AND LIABILITIES (CONTINUED):

These condensed interim financial statements were prepared in accordance with standard IAS 34 - Interim Financial Reporting and do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). They, however, include specific complimentary notes in order to provide information necessary to assess the financial situation of the Company at period end since its last annual financial statements dated July 31, 2018.

Except for the changes below, the accounting policies used to prepare these condensed interim unaudited financial statements are those described in the last annual financial statements of the Company and have been applied throughout the period unless otherwise stated. Changes to significant accounting policies are described hereinafter.

Financial instruments

On August 1, 2018, the Company adopted IFRS 9 - Financial instruments. The adoption of IFRS 9 did not have an impact to the comparative figures presented in these condensed interim financial statements.

The following table below presents the new measurement categories under IFRS 9 compared to the original measurement categories as at July 31, 2018 for each class of the Company's financial assets and financial liabilities.

Description	New classification as of August 1, 2018	Original classification as of July 31, 2018
Cash and cash equivalents and other receivables (excluding sales tax receivables)	Financial assets at amortized cost	Loans and receivables
Accounts payable and accrued liabilities and convertible debentures (except salaries and benefits)	Financial liabilities at amortized cost	Amortized cost

The Company aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized, which is normally on the date of the transaction. Transaction costs related to financial instruments are measured initially at fair value except for transaction costs related to FVTPL financial assets which are expensed as incurred and added to the carrying value of the asset or netted against the carrying value of the liability.

FINANCIAL ASSETS AND LIABILITIES (CONTINUED):

The following is a description of the policies for subsequent measurement of financial assets and financial liabilities.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities at amortized cost

These liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Impairment of financial assets

The Company uses the expected credit losses impairment model with respect to its financial assets carried at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument. The Company accounts for expected credit losses over the life of financial assets measured at amortized cost. Expected credit losses over the life of the asset are expected credit losses for all of the default events that a financial instrument may experience over its expected life. The assessment of expected credit losses reflects reasonable and justifiable information about past events, current circumstances and forecasts of events and economic conditions and takes into account the factors specific to the accounts receivable, the general condition of the economy and a current as well as expected appreciation of the conditions prevailing at the balance sheet date, including the time value of the money, if any.

OUTSTANDING SHARE CAPITAL:

DISCLOSURE OF OUTSTANDING SHARE DATA (AS AT DECEMBER 17, 2018)

Outstanding common shares:	121,112,837
Outstanding share options:	8,275,000
Outstanding warrants:	40,236,999

SHARE CAPITAL:

On August 10, 2018, the Company issue 1,000,000 common shares at $0.09 per share of the Company to the Vendor in order to acquire 100 % undivided interest, right, and title in and to the property,

WARRANTS:

		October 31 2018		July 31 2018
	Number of outstanding warrants	Weighted average exercise price	Number of outstandin g warrants	Weighted average exercise price
		$		$
Outstanding at beginning	39,262,949	0.15	8,929,282	0.21
Granted	-	-	36,736,999	0.15
Expired	(2,500,000)	0.15	(6,403,332)	(0.23)
Outstanding at end	36,762,949	0.15	39,262,949	0.15

The following table provides outstanding warrants information as at October 31, 2018:

			Outstanding warrants
Expiry date	Number of outstanding warrants	Exercise price	Remaining life
		$	(years)
December 12, 2018	25,950	0.20	0.11
April 16, 2019	620,834	0.15	0.46
December 12, 2019	5,208,333	0.15	1.11
December 28, 2019	269,091	0.15	1.16
December 29, 2019	557,165	0.15	1.16
January 19, 2020	17,140,666	0.15	1.22
March 13, 2020	12,650,000	0.15	1.37
March 20, 2020	290,910	0.15	1.39
	36,762,949	0.15	1.24

SHARE OPTION PLAN:

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

	October 31 2018		July 31 2018	
	Number of outstanding share options	**Weighted average exercise price**	**Number of outstanding share options**	**Weighted average exercise price**
		$		**$**
Outstanding at beginning	8,875,000	0.14	3,905,000	0.16
Granted	-	-	5,900,000	0.14
Forfeited	(1,200,000)	0.13	(930,000)	(0.24)
Outstanding at end	7,675,000	0.14	8,875,000	0.14
Exercisable at end	7,675,000	0.14	8,875,000	0.14

The following table provides outstanding share options information as at October 31, 2018:

				Share options outstanding
Expiry date	**Number of granted share options**	**Number of exercisable share options**	**Exercise price**	**Remaining life**
			$	**(years)**
February 25, 2020	450,000	450,000	0.10	1.3
June 12, 2020	100,000	100,000	0.17	1.6
February 26, 2021	950,000	950,000	0.10	2.3
May 7, 2021	200,000	200,000	0.37	2.5
June 20, 2021	125,000	125,000	0.26	2.6
February 21, 2022	450,000	450,000	0.105	3.3
October 3, 2022	200,000	200,000	0.075	3.9
February 5, 2023	950,000	950,000	0.140	4.3
June 27, 2023	4,250,000	4,250,000	0.15	4.7
	7,675,000	7,675,000	0.14	3.89

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, 2018 for a more detailed discussion of the critical accounting estimates and judgments.

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 October 31, 2018 will be sufficient to meet the Company's needs for cash for the next 12 months.

RISK AND UNCERTAINTIES (CONTINUED):

	October 31 2018	July 31 2018
	$	$
Convertible debentures (1)		
Convertible debentures bearing interest at 10% payable semi-annually and maturing in December 2022. [a]	381,594	390,452
Convertible debentures (2)		
Convertible debentures bearing interest at 10% payable semi-annually and maturing in December 2020. [b]	419,830	388,241
Convertible debentures (3)		
Convertible debentures bearing interest at 10% payable semi-annually and maturing in December 2022.	207,921	188,230
	1,009,345	966,923
Current portion of convertible debentures	-	35,000
Non-current portion of convertible debentures	1,009,345	931,923

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.

RISK AND UNCERTAINTIES (CONTINUED):

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.

RISK AND UNCERTAINTIES (CONTINUED):

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 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 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 October 31, 2018.

- Based on their knowledge, having exercised reasonable diligence, the President 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 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

René Boisvert
President

Patsie Ducharme
CFO

Stéphane Leblanc
CEO

Directors
Stéphane Leblanc
Victor Cantore
Michel Gagnon
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