

**CANADIAN METALS INC.**



**Notice of Special Meeting of Shareholders**

**and**

**Information Circular**

**August 1<sup>st</sup>, 2019**

**Place:** 1000 Sherbrooke Street West, Suite 2700  
Montreal, Quebec  
Canada H3A 3G4

**Time:** 11 a.m. (Montreal Time)

**Date of Meeting:** Wednesday, September 4, 2019



## **CANADIAN METALS INC.**

866 3<sup>rd</sup> Avenue  
Val d'Or, Québec Canada J9P 1T1  
Tel: 514 375-5172

### **INFORMATION CIRCULAR**

(Containing information as at August 1<sup>st</sup>, 2019 unless indicated otherwise)

### **SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of Canadian Metals Inc. (the “**Corporation**”) for use at the Special Meeting of shareholders (the “**Shareholders**”) of the Corporation (and any adjournment thereof) to be held at 11 a.m. (Montreal Time) on Wednesday, September 4, 2019 (the “**Meeting**”) at the place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Corporation at nominal cost. All costs of solicitation by management will be borne by the Corporation.

### **GENERAL PROXY INFORMATION**

#### **SOLICITATION OF PROXIES**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors and officers of the Corporation. The Corporation will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the class A common shares (each a “**Share**”) in the capital of the Corporation of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

#### **APPOINTMENT OF PROXYHOLDERS**

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers and/or directors of the Corporation. **If you are a Shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than any of the persons designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

#### **VOTING BY PROXYHOLDER**

The persons named in the Proxy will vote or withhold from voting the Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified;
- (b) any amendment to or variation of any matter identified therein; and

- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Shares represented by the Proxy for the approval of such matter.**

## **REGISTERED SHAREHOLDERS**

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders may choose one of the following options to submit their proxy:

- (a) completing, dating and signing the proxy and returning it to the Corporation's transfer agent, Computershare Trust Company of Canada ("**Computershare**"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to a toll-free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll-free number, the holder's account number and the control number; or
- (c) using the internet through the website of the Company's transfer agent at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the control number.

In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting, or the adjournment thereof, at which the proxy is to be used.

## **BENEFICIAL SHAREHOLDERS**

**The following information is of significant importance to Shareholders who do not hold Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Corporation as the registered holders of Shares) or as set out in the following disclosure.

If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States (the "**U.S.**"), under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada and in the U.S. Broadridge mails a voting instruction form (a "**VIF**") in lieu of a Proxy provided by the Company. The VIF will name the same persons as the Corporation's Proxy to represent your Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation), other than any of the persons designated in the VIF to

represent your Shares at the Meeting and that person may be you. To exercise this right, insert the name of the desired representative (which may be you), in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with Broadridge's instructions, well in advance of the Meeting in order to have the Shares voted at the Meeting, or to have an alternate representative duly appointed to attend the Meeting and vote your Shares.**

## **NOTICE TO UNITED STATES SHAREHOLDERS**

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of Quebec, Canada and securities laws of the provinces of Canada and is not subject to the requirements of Section 14(a) of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers as defined in Rule 3b-4 of the U.S. Exchange Act. Accordingly, this Information Circular has been prepared in accordance with applicable Canadian disclosure requirements. Residents of the U.S. should be aware that such requirements differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

This document does not address any income tax consequences of the disposition of the Corporation shares by Shareholders. Shareholders in a jurisdiction outside of Canada should be aware that the disposition of shares by them may have tax consequences both in those jurisdictions and in Canada, and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Corporation has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for U.S. companies.

Financial statements included or incorporated by reference herein, if any, have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to auditing and auditor independence standards in Canada. Such consequences for the Corporation Shareholders who are resident in, or citizens of, the U.S. may not be described fully in this Information Circular.

The enforcement by the Corporation Shareholders of civil liabilities under the U.S. federal securities laws may be affected adversely by the fact that the Company is incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and the experts named herein are residents of a foreign country and that the major assets of the Company are located outside the U.S.

## **REVOCAION OF PROXIES**

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or the Corporation, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the registered Shareholder's Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

## INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The record date for determination of persons entitled to receive notice of the Meeting is **July 31<sup>st</sup>, 2019** (the "**Record Date**"). Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting.

As of the Record Date, there were **132,291,193** Shares issued and outstanding, each carrying the right to **one** vote. No group of Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Shares.

The Corporation is authorized to issue an unlimited number of Shares without par value.

Other than as set out below, to the knowledge of the directors and executive officers of the Corporation, there were no persons/companies who beneficially owned, directly or indirectly, or exercised control or direction over, Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Corporation as at the Record Date.

Name	Nature of Holding	Number of Shares	Percentage of Issued Shares
Ressources Québec inc.	Direct	14,300,000	10.81%

## SPECIAL BUSINESS TO BE CONSIDERED AT THE MEETING

### SHARE CONSOLIDATION

Shareholders are being asked to consider, and if deemed appropriate, to approve the special resolution authorizing the amendment of the Corporation's articles to consolidate its outstanding Shares (the "**Share Consolidation**"). If the special resolution of Shares is approved, the board of director of the Corporation (the "**Board**") will have the authority, in its sole discretion, to select the exact consolidation ratio, provided that the ratio may be no larger than one post-consolidation Share for every ten pre-consolidation Shares (10:1). Subject to the approval of the Canadian Securities Exchange, the approval of the special resolution by holders of Shares would give the Board the authority to implement the Share Consolidation at any time prior to December 31, 2019.

The background to and reasons for the Share Consolidation, and certain risks associated with the Share Consolidation, are described below.

No further action on the part of shareholders will be required in order for the Board to implement the Share Consolidation if approved at the Meeting. The Board currently intends to implement the Share Consolidation shortly after the Meeting. However, the special resolution of Shares also authorizes the Board to elect not to proceed with and abandon the Share Consolidation at any time if it determines, in its sole discretion, to do so. If

the Board does not implement the Share Consolidation before December 31, 2019, the authority granted by the special resolution to implement the Share Consolidation will lapse.

### ***Background and Reasons for the Share Consolidation***

The Board is seeking authority to implement the Share Consolidation because it believes that the Share Consolidation could potentially broaden the pool of investors that may consider investing or be able to invest in the Company by increasing the trading price of the Shares.

### ***Certain Risks Associated with the Share Consolidation***

*The Corporation's total market capitalization immediately after the Share Consolidation may be lower than immediately before the Share Consolidation.*

There are numerous factors and contingencies that could affect the Corporation's share price following the Share Consolidation, including the status of the market for the Shares at the time, the Corporation's progress on strategic objectives, and general economic, stock market and industry conditions.

*A decline in the market price of the Shares after the Share Consolidation may result in a greater percentage decline than would occur in the absence of a consolidation, and the liquidity of the Shares could be adversely affected following the Share Consolidation.*

If the Share Consolidation is implemented and the market price of the Shares declines, the percentage decline may be greater than would occur in the absence of a consolidation. The market price of the Shares will, however, also be based on the Corporation's performance and other factors, which are unrelated to the number of Shares outstanding. Furthermore, the liquidity of the Shares could be adversely affected by the reduced number of Shares that would be outstanding following a consolidation.

If the Share Consolidation is implemented, it may result in some Shareholders owning "odd lots" of less than 100 Shares on a post-consolidation basis. Odd lots may be more difficult to sell, or require greater transaction costs per Share to sell, relative to Shares in "board lots" of multiples of 100 Shares.

### ***Other Information Regarding the Share Consolidation***

#### ***No Fractional Shares to be Issued***

No fractional Shares will be issued in connection with the Share Consolidation, if implemented, and if a Shareholder would otherwise be entitled to receive a fractional Share upon the Share Consolidation, such fraction will be rounded down to the nearest whole number.

#### ***Principal Effects of the Share Consolidation***

If approved and implemented, the Share Consolidation will occur simultaneously for all the Shares and the consolidation ratio would be the same for all such Shares. The consolidation would affect all shareholders equally. Except for any variances attributable to fractional Shares, the change in the number of issued and outstanding Shares that would result from the Share Consolidation would cause no change in the capital attributable to the Shares and would not materially affect any Shareholders' percentage ownership in the Company, even though such ownership would be represented by a smaller number of Shares.

In addition, the Share Consolidation would not affect any Shareholder's proportionate voting rights. Each Share outstanding after the Share Consolidation would be entitled to one vote and be fully paid and non-assessable.

The principal effects of the Share Consolidation would be that:

- *Reduction in number of Shares outstanding* — the number of Shares issued and outstanding would be reduced from approximately 132,291,193 Shares as of the date hereof to between approximately 13,229,119 Shares assuming the maximum Share Consolidation ratio; and
- *Adjustment to Convertible Securities* — the exercise price and/or the number of Shares issuable under any of the Corporation's outstanding convertible securities, convertible debentures, warrants, options and any other similar securities will be proportionately adjusted based on the consolidation ratio (as to be determined by the Board).

- *Reduction in number of Shares reserved for issuance under Share Based Compensation Arrangements* — the number of Shares reserved for issuance under the Stock Option Plan, would be reduced proportionately based on the consolidation ratio (as to be determined by the Board).

#### *Effect on Non-Registered Shareholders*

Non-registered Shareholders holding their Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Share Consolidation than those that will be put in place by the Corporation for registered Shareholders. If you hold your Shares with a bank, broker or other nominee and if you have any questions in this regard, you are encouraged to contact your nominee.

#### *Effect on Share Certificates*

If the Share Consolidation is approved by Shareholders and implemented, registered Shareholders will be required to exchange their existing share certificates for new share certificates representing post-consolidation Shares.

If the Board decides to implement it, then following the announcement by the Corporation of the effective date of the Share Consolidation, registered Shareholders will be sent a letter of transmittal from the Corporation's transfer agent, Computershare, as soon as practicable after the effective date of the Share Consolidation. The letter of transmittal will contain instructions on how to surrender certificate(s) representing pre-consolidation Shares to the transfer agent. The transfer agent will forward to each registered Shareholder who has sent the required documents a new share certificate representing the number of post-consolidation Shares to which the Shareholder is entitled. Until surrendered, each share certificate representing pre-consolidation Shares will be deemed for all purposes to represent the number of whole post-consolidation Shares to which the Shareholder is entitled as a result of the Share Consolidation.

**SHAREHOLDERS SHOULD NOT DESTROY ANY SHARE CERTIFICATES(S) AND SHOULD NOT SUBMIT ANY SHARE CERTIFICATE(S) UNTIL REQUESTED TO DO SO.**

#### *Procedure for Implementing the Share Consolidation*

If the Share Consolidation is approved by Shareholders and the Board decides to implement it, the Corporation will promptly file articles of amendment with the Director under the OBCA if the Continuance has been approved and implemented and under the *Business Corporation Act* (Quebec) (the “QBCA”), if the Continuance has not been approved or implemented, in either case in the form prescribed by the QBCA, as applicable, to amend the Corporation's articles. The Share Consolidation would then become effective on the date shown in the certificate of amendment issued by the Director under the QBCA, as applicable, or such other date indicated in the articles of amendment provided that, in any event, such date will be prior to December 31, 2019.

#### *No Dissent Rights*

Under the QBCA, shareholders do not have dissent and appraisal rights with respect to the proposed Share Consolidation.

#### ***Resolution Approving Share Consolidation***

At the Meeting, or any adjournment thereof, holders of Shares will be asked to consider and, if deemed advisable, to approve the resolution approving the Share Consolidation (the “**Share Consolidation Resolution**”) in the following form:

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

- (a) the Articles of the Corporation be amended to provide that:
  - (i) the authorized capital of the Corporation is altered by consolidating all of the issued and outstanding Shares of the Corporation on the basis of a consolidation ratio to be selected by the Board, in its sole discretion, provided that the ratio may be

no no larger than one post-consolidation Share for every ten pre-consolidation Shares (10:1);

- (ii) in the event that the consolidation would otherwise result in the issuance of a fractional Share, no fractional Share shall be issued and such fraction will be rounded down to the nearest whole number; and
  - (iii) the effective date of such consolidation shall be the date shown in the certificate of amendment issued by the Registrar appointed under the *Business Corporations Act* (Quebec), or such other date indicated in the articles of amendment provided that, in any event, such date shall be prior to December 31, 2019.
- (b) any one officer or director of the Corporation, alone, be and he or she is hereby, authorized and empowered, acting for, in the name of and on behalf of the Corporation, to do all things and execute all instruments determined necessary or desirable to give effect to this special resolution including, without limitation, to execute (under the corporate seal of the Corporation or otherwise) and deliver articles of amendment of the Corporation, the execution of any such instrument or the doing of any such other act or thing being conclusive evidence of such determination and
- (c) the directors of the Corporation, in their sole and complete discretion, may act upon this resolution to effect the Share Consolidation, or if deemed appropriate and without any further approval from the Shareholders of the Corporation, may choose not to act upon this resolution notwithstanding Shareholder approval of the Share Consolidation and are authorized to revoke this resolution in their sole discretion at any time prior to the endorsement of a certificate of amendment of articles in respect of the consolidation."

The Board recommends that Shareholders vote for the Share Consolidation Resolution. **Unless otherwise directed, it is the intention of the persons named in the accompanying instrument of proxy to vote FOR the Share Consolidation Resolution.** To be effective, the Share Consolidation Resolution must be approved by not less than 66<sup>2</sup>/<sub>3</sub>% of the votes cast by the holders of Shares who vote in person or by proxy at the Meeting on the Share Consolidation Resolution.

Even if the Share Consolidation Resolution is approved, the Share Consolidation Resolution provides that the Board may revoke the Share Consolidation Resolution before the issuance of the certificate of amendment without the approval of Shareholders.

## **OTHER PARTICULARS**

Other than the foregoing, management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and upon request from the Corporation at 866 3<sup>rd</sup> Avenue, Val d'Or, Quebec J9P 1T1, Tel: 514 375-5172. Copies of documents will be provided free of charge to security holders of the Corporation. The Corporation may require the payment of a reasonable charge from any person or company who is not a securityholder of the Corporation, who requests a copy of any such document.

## **OTHER MATTERS**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.



The contents of this Information Circular and its distribution to shareholders have been approved by the Board.

**DATED** at Montreal, Quebec on August 1<sup>st</sup>, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "*Gérald Panneton*"

Gérald Panneton  
Chairman & CEO