



## Canadian Metals amends the FeTiV Minerals Inc. option agreement and announces a \$2M Private Placement

MONTRÉAL, Oct. 16, 2019 -- **Canadian Metals Inc. (“CME” or the “Company”)** (CSE: **CME**) is pleased to announce that it has amended its previously announced option agreement (the “**Option Agreement**”) with FeTiV Minerals Inc. (“**FMI**”), a private exploration company which owns an 80% undivided interest in the Mouchalagane, Silicates Lake, Seignelay, Lac Robot and Baie-Trinité iron projects (the “**Iron Projects**”), located in the Province of Québec, with CME owning the remaining 20% undivided interest (see news release dated July 8, 2019 for more information on the initial announcement and short description of the Iron Projects).

### Amended Terms of the Option Agreement

Under the initial agreement, CME has the option to indirectly acquire the remaining 80% undivided interest it does not hold in the Iron Projects by acquiring all of the issued and outstanding shares of FMI. The only amendment to the Option Agreement is an extension of the delays for CME to complete its payment obligations from 18 to 48 months, thereby allowing CME to acquire a determined ownership percentage of FMI with each payment, following which FMI will become a wholly-owned subsidiary of CME (the “**Transaction**”). The total consideration to be paid remains unchanged and is set at a maximum of \$20 million, payable in cash and in shares of CME as detailed in the table below.

The Transaction constitutes a “Related Party Transaction” within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) in light of the fact that Stéphane Leblanc, VP Development and a director of CME, and Gérald Panneton, Chairman, CEO and a director of CME, each holds more than 10% of the shares of FMI. In addition, Mr. Leblanc is also the sole officer and director of FMI.

Nevertheless, and as required by MI 61-101, the Option Agreement and CME’s obligations thereunder are subject to CME obtaining the prior approval of the majority of the minority shareholders at a special meeting to be called to that effect by CME. The date of such special meeting has not yet been set by the board of directors and is contingent upon the preparation of, notably, a management proxy circular which will contain the disclosure required under applicable securities regulations to allow the shareholders of CME to make an informed decision. The record date and date of the special meeting will be communicated to the Company’s shareholders in due course.

The Transaction benefits from a statutory exemption from the formal valuation requirement provided under section 5.5(b) of MI 61-101 on the basis that the Company is not listed on any of the specified markets. It should be noted that while CME is no longer relying on the “financial hardship” exemption set out in sections 5.5(g) and 5.7(1)(e) of MI 61-101 (see the July 8, 2019 press release), the company continues to experience difficulty in meeting its obligations as they become due and is in need of working capital. In this regard, please see the section below regarding the proposed \$2 million private placement.

In addition, the Company has requested the delivery of technical reports on the Mouchalagane and Silicates Lake projects. Once received, the technical reports will be publicly filed on the Company’s issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Pursuant to the terms of the amended Option Agreement and in order to complete the Transaction, CME must make the following payments to the shareholders of FMI:

Timing	Cash	Shares*	FeTiV Share Ownership Increase
Within 120 days from date of shareholder approval	\$1M	Value of \$1M (up to 1 million shares)	10%
On or before 18 months after the initial payment	\$2M	Value of \$2M (up to 2 million shares)	10%
On or before 36 months after the initial payment	\$3M	Value of \$3M (up to 3 million shares)	20%
On or before 48 months after the initial payment	\$4M	Value of \$4M (up to 4 million shares)	40%
<b>Total</b>	<b>\$10M</b>	<b>Value of \$10M (up to 10 million shares)</b>	<b>80%</b>

\*Shares will be issued at a deemed price equal to the greater of: (i) \$1.00 per Share or (ii) the market price of Shares on the date such Shares are to be issued under the Option Agreement, as amended.

Since the initial Option Agreement announced on July 8<sup>th</sup>, 2019, CME has been the operator of the Iron Projects. As previously announced, each of the Iron Projects is subject to a 2% Net Smelter Return (NSR) royalty, half of which can be bought for \$5M.

The Option Agreement remains subject to approval of the Canadian Securities Exchange (the “**CSE**”). The Shares issued as

consideration under the Option Agreement will be subject to a statutory hold period of four months and one day from the date of the Transaction, as well as additional escrow requirements, if required, under the policies of the CSE.

### **Private Placement of Up to \$2 Million**

The Company also announces a non-brokered private placement (the "**Offering**") of up to 4,000,000 common shares at a price of \$0.50 per share for aggregate gross proceeds of up to \$2,000,000.

The Company will use the net proceeds from the Offering for general working capital and corporate purposes. The closing of the Offering is independent of and not contingent upon the Transaction and the full amount of the proceeds will be available to the Company to satisfy its financing needs whether or not the Transaction closes.

The securities issuable in connection with the Offering will be subject to a statutory four month and one day hold period. Closing of the Offering is anticipated to occur later this month or at the beginning of November and is subject to the approval of the CSE. Finder's fees may be payable in appropriate circumstances in connection with the Offering, in accordance with the policies of the CSE.

### **About Canadian Metals Inc.**

Canadian Metals is a diversified resource company focused on creating shareholder value through the development of large-scale mineral deposits in specific commodities and safe jurisdictions.

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### **Cautionary Statements Regarding Forward-Looking Information**

Certain statements in this news release constitute "forward-looking" statements. These statements relate to future events or our future performance of the Company. Forward-looking statements include, notably, the closing of the Transaction. All such statements involve substantial known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to vary from those expressed or implied by such forward-looking statements. Forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date of this news release. Forward-looking statements involve significant risks and uncertainties, they should not be read as guarantees of future performance or results, and they will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, that the closing of the Transaction will not occur. Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions on the date of this news release, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties and other risks detailed from time-to-time in CME's ongoing filings with the securities regulatory authorities, which filings can be found at [www.sedar.com](http://www.sedar.com). These forward-looking statements are made as of the date of this news release and CME disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

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