CANADIAN METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended

July 31, 2019

(Fourth Quarter)

This management discussion and analysis ("MD&A") of Canadian Metals Inc., ("Canadian Metals" or "CME" or the "Company") follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of Canadian Metals, on how the Company performed during the three-month period and year ended July 31, 2019. It includes a review of the Company's financial condition and a review of operations for the three-month period and year ended July 31, 2019 as compared to the three-month period and year ended July 31, 2018.

This MD&A complements the audited financial statements for the year ended July 31, 2019 but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the audited financial statements as at July 31, 2019 and related notes thereto.

The audited financial statements for the years ended July 31, 2019 and 2018 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") applicable to the preparation of annual financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at July 31, 2019. On November 26, 2019, the Board of Directors approved, for issuance, the annual financial statements.

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".

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.

REPORT'S DATE

The MD&A was prepared with the information available as at November 26, 2019.

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.

CAUTION REGARDING FORWARD-LOOKING INFORMATION (CONTINUED)

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 focuses in two main areas: the development of a high-purity silica project, with a proposed downstream integration into silicon production in the province of Quebec; and the exploration and development of iron and base metal properties, located in the province of Quebec and New Brunswick.

BUSINESS DEVELOPMENT HIGHLIGHTS:

- **Baie-Comeau Project Updates:**

  The feasibility study was completed after the July 31, 2019 year-end. On September 19, 2019, the Company disclosed its results; these are discussed in the subsequent event section.

  On November 13, 2018, Canadian Metals Inc. announced that it officially began the 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 30MW 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 were completed in the summer of 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.

  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 would be built. The agreement is valid until December 31, 2019 and is conditional upon agreement of standard terms and conditions.

  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.

BUSINESS DEVELOPMENT HIGHLIGHTS (CONTINUED):

- **Board of Directors:**

  On July 8, 2019, the Company announced the appointment of Gerald Panneton as the new Chairman & CEO of the Company, effective immediately. Mr.Panneton replaces Michel Gagnon and Stéphane Leblanc, who respectively held the roles of Chairman and CEO of the Company. The appointment of Mr. Panneton is aligned with the Company's long-term commitment to its current projects and has been done in anticipation of advancing the Company's interests in the new Iron Projects. In connection with Mr. Panneton's appointment, Stéphane Leblanc remains a Director of the Board and will focus his activities as the Vice President of Corporate Development, whereas Michel Gagnon will also remain a Director of the Board and President of the Audit and Governance Committee.

  On May 22, 2019, the Company announced the appointment of Gerald Panneton as Director of the board, effective May 22, 2019, replacing Ghita Ouaziz. Mr. Panneton is a geologist with over 30 years experience in mineral exploration and development, and was the founder, President and CEO of Detour Gold Corporation ("Detour Gold") from its incorporation in July 2006 until November 2013. Under his leadership, the Detour Lake project grew over tenfold from 1.5 million ounces in resources to over 16 million ounces in reserves and into production. Today, the Detour Lake mine ranks as one of the largest gold mines in Canada. Mr. Panneton helped raise approximately $2.6 billion in capital while at Detour Gold. Mr. Panneton and his Detour Gold team were the recipients of the PDAC 2011 Bill Dennis Award for Canadian mineral discoveries and prospecting success of the year.

  On February 20, 2019, the Company announced that Mr. Michel G. Gagnon, CME's director for several years, has been appointed Chairman of the Board of Directors. Stéphane Leblanc will remain as Director of the Company and focus on the growth strategy of Canadian Metals.

  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.

  On September 17, 2018, the Company 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.

- **Sale of Langis Property and Long-term Supply Agreement:**

  On May 1, 2019, the Company announced that it has entered into a definitive agreement with a strategic and experienced quarry operator, Les Minéraux Industriels du Québec Inc., pursuant to which the Company intends to sell all its right, titles and interest in and to the Langis property, in exchange of a long-term quartz price lock-in supply agreement (LTA) and $2,250,000.
  The disposition provides the Company with:

  - $2,250,000, where $500,000 is due at closing and staged cash payments totalling $1,750,000 modulated on the purchaser production on the Langis property, with the following deadlines: (i) $150,000 on or before December 31, 2019; (ii) $300,000 on before each of December 31, 2020, 2021, and 2022, (iii) $450,000 on or before December 31, 2023, and (iv) a final $250,000 over a maximum of 5 years after the previous payment.

BUSINESS DEVELOPMENT HIGHLIGHTS (CONTINUED):

- **Sale of Langis Property and Long-term Supply Agreement (Continued):**
    - The LTA will meet specific quartzite requirements at a currently favorable fixed price until January 1, 2024, after which date the original fixed price would be indexed every year until 2039.

  The cash proceeds will be used to further strengthen the Company's balance sheet and, most importantly, allow the Company to focus its development activities.

  On May 23, 2019, the Company announced that it has received the first payment of $500,000 from Les Minéraux Industriels du Québec Inc (« MIQ ») in relation to the closing of the May 2, 2019 agreement. This payment represents the first installment of a total of staged cash payments of $ 2,250,000 to be made by MIQ in accordance with the agreement.

- **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% NPI royalty on the Langis Property. Under the terms of the royalty purchase agreement, the Company issued 50,000 common shares and granted 350,000 warrants. Each warrant is exchangeable for a share at an exercise price of $1.50 per share for a period of 5 years following the closing of the royalty transaction.

- **Closing of a Private Placement:**

  On March 1, 2019, the Company closed a private placement of 250,000 units at a price of $1.00 per unit for gross proceeds of $250,000. Each unit consists of one common share and one-half of one share purchase warrant. Each warrant issued under this tranche will be exercisable by the holder to acquire one additional share at a price of $1.50 until September 1, 2020. The Company used the net proceeds from the offering to advance the general development of its Baie-Comeau ferroalloys project and for general working capital and corporate purposes. The securities issued under the offering are subject to a four month hold period expiring on July 2, 2019.

- **Grant of share options:**

  On November 5, 2018, the Company granted 60,000 share options to certain directors to purchase 60,000 common shares of the Company at an exercise price of $1.50 per share and expiring on November 5, 2023.

- **Option Agreement:**

  On April 3, 2019, the Company announced that it has entered into an arm's length option agreement to acquire an undivided 100% interest in 12 mining claims adjacent to its Blackshale property located west of the Brunswick 12 mine.

  Pursuant to the terms and conditions of the option, the Company will issue 45,000 common shares of the Company as follows:

  • 15,000 Shares at $0.55 per share for a total value of $8,250 on the execution of the Option;
  • 15,000 Shares on or before April 3, 2020; and
  • 15,000 Shares on or before April 3, 2021.

  Upon exercise of the option, the Company will grant the optionors a 2% Net Smelter Returns (NSR) Royalty, subject to the right to purchase a 1% NSR royalty for $1,000,000.

BUSINESS DEVELOPMENT HIGHLIGHTS (CONTINUED):

- **Obligations from an Option Agreement:**

  During the first half of 2019, 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 500,000 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 500,000 shares on or before November 1, 2019.

  On April 10, 2019, the Company executed the final milestone by issuing 500,000 shares in relation to the NB Zinc option agreement of March 16, 2018, the mining titles are therefore transferred to the Company.

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

  On March 1, 2019, the Company also announced the execution of an amended and restated acquisition agreement with FeTiV Minerals Inc., replacing the initial subscription agreement of November 28, 2018. The revised agreement provides for the acquisition of a direct 20% interest in the Silicate Lake, Seignelay, Lac Robot, Baie-Trinité and Mouchalagane properties, subject to a 2% NSR. The consideration paid by the Company remained unchanged.

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

- **Debenture Interest Payment in Shares:**

  On June 28, 2019, interest on debentures were paid through the issuance of 200,839 shares, allocated as follows:

  - 79,736 shares on the $665,000 convertible debenture bearing interest at 10%, paid semi-annually, maturing December 31, 2022.
  - 73,141 shares on the $610,000 convertible debenture bearing interest at 10%, paid semi-annually, maturing December 31, 2020.
  - 47,962 shares on the $400,000 convertible debenture bearing interest at 10%, paid semi-annually, maturing December 31, 2022.

  On December 31, 2018, interest on debentures were paid through the issuance of 151,997 shares, allocated as follows:

  - 60,345 shares on the $665,000 convertible debenture bearing interest at 10%, paid semi-annually, maturing December 31, 2022.
  - 55,354 shares on the $610,000 convertible debenture bearing interest at 10%, paid semi-annually, maturing December 31, 2020.
  - 36,298 shares on the $400,000 convertible debenture bearing interest at 10%, paid semi-annually, maturing December 31, 2022.

BUSINESS DEVELOPMENT HIGHLIGHTS (CONTINUED):

- **Grant Awarded of $1,000,000 for Feasibility Study:**

  On January 29, 2019, the Company announced that the Ministry of the Economy and Innovation has authorized funding to support the feasibility study for the construction of a silicon plant in Baie-Comeau. This financial assistance, in the form of a grant of up to a maximum of $1,000,000, will come from the Forest Industry Diversification Fund from Resolute Canada Inc. (Fonds de diversification de l'industrie de PF Résolu Canada Inc.). The non-refundable financial contribution agreement will be administered by Investissement Québec, as agent of the Government of Québec and contains general terms and conditions typical of this type of assistance program.

BUSINESS DEVELOPMENT SUBSEQUENT EVENTS:

- **Board of Directors:**

  On September 23, 2019, Canadian Metals Inc. announced the appointment of Louis Dionne as Director of the Board, effective immediately. Mr. Dionne is a highly regarded mining engineer and one of the original members of Barrick Gold Corporation. Mr. Dionne was mine manager at Camflo Mines in Quebec, which eventually became part of Barrick Gold, one of the most successful gold mining companies in the world. Mr. Dionne spent over 20 years in the operations and development of gold properties, as Senior Vice President, Underground Operations for Barrick. He developed the high grade Meikle mine and Rodeo project in Nevada and the Holt-McDermott Mine in Ontario. Mr. Dionne also provided technical input and leadership in the area of corporate mergers and acquisitions for Barrick Gold. Following his tenure at Barrick, Mr. Dionne became President and CEO of Richmont Mines Inc., a junior gold producer with operations in Quebec and Newfoundland. Mr. Dionne is a graduate of Laval University in Quebec where he holds a bachelor's degree in Mining Engineering. Mr Dionne, also spend his first years after graduating, in the Schefferville region, of Quebec, where he was doing planning and mine design for open pit mining in the ore deposits. More recently, he was part of the Detour Gold team from 2006 to 2014 that help build the Detour lake mine as one of today's largest gold producer in Canada.

  On November 15, 2019 the Company announced the resignation of Stephane Leblanc and Louis Dionne as Directors of the Board, effective immediately. Stephane Leblanc will continue his involvement with the Company as Vice-President Development.

- **Share Consolidation:**

  On September 11, 2019, the Company announced that it will consolidate its common shares on a ten (10) for one (1) basis with the record date of September 17, 2019 and will begin trading on the Canadian Securities Exchange on a post-consolidated basis effective September 16, 2019. A material change report was filed on September 16, 2019. Post consolidation the Company has 13,229,106 new shares outstanding.

BUSINESS DEVELOPMENT SUBSEQUENT EVENTS (CONTINUED):

- **Baie-Comeau Project Update:**

  On September 19, 2019, the Company announced the completion of its review of the industrial feasibility study for its Baie-Comeau silicon project.

  SMS Metix was responsible for the design and costing of a single submerged arc furnace with a production capacity of 22,000 mt per year and all other process equipment. Mesar provided preliminary engineering for buildings, structure and balance of plant. The study reveals a higher capital expenditure than anticipated but more importantly has given the Company significant data and a potential plan to pursue the project towards an economical success.

  The capital expenditure was initially estimated to be in a range of $150 to $200 million. The study concluded on a capital requirement of $380 million. After a high-level optimization exercise, approximately $130 million was identified in potential capital savings. It is also expected that a more detailed review could generate additional savings. In summary, the financial analysis for a production volume of 22,000 mt per year reveals that the project cannot support a capital expenditure above $200 million.

  The Company has identified several options to pursue the study. In order to execute such path forward, it estimates that it will cost approximately $1 million in mandates for permitting, engineering, and a project integrator role.

  While current silicon market conditions are unfavorable, the longer-term outlook is still very positive and showing growth in this sector.

- **FeTiV Minerals Inc. Option Agreement:**

  On November 15, 2019, the Company has advised FeTiV that it has elected to terminate its option agreement, effective immediately. Under the terms of the option agreement, the Company had the right to acquire FeTiV's 80% interest in the mining properties under certain conditions. The Company retains 20% in the mining properties under the agreement.

- **Private Placement of Up to $2 Million:**

  On November 15, 2019 the Company announced 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 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 in December 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.

MINING PROPERTIES – DESCRIPTION:

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 the Company.

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 10 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 the Company.

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 166 claim units covering approximately 5,479 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.

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.

MINING PROPERTIES – DESCRIPTION (CONTINUED):

The Mountain Brook Property:
The Mountain Brook Property is composed of a total of 139 claim units covering approximately 4,233 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.

The Iron Ore Properties – 20% direct interest:

Three of five properties have been drilled in the past and have a combined conceptual estimated resource of 2,430 – 3,940 Mt at an average grade of approximately 30% (Table 1). The other two Iron Projects are new discoveries with no resources.

Table 1

Iron Project	Conceptual Estimate* (Mt)
Mouchalagane	1315 - 2,440
Silicates Lake	400 - 500
Seignelay	715 - 1,000
Total	**2,430 - 3,940**

**Conceptual estimates, as defined by the National Instrument 43-101 Standards of Disclosure for Mineral Projects, are intended to demonstrate the potential tonnage and grade, expressed as ranges, of mineralized iron formations underlying the Iron Projects.*

The Mouchalagane Property incorporates 98 claims covering a total of 52.17 km2 that are locally underlain by iron formation horizons of the Sokoman Formation. The Property is located in the northwestern part of the Gagnon Terrane in the southern part of the Labrador Trough and comprises the South Mountain Block (29 claims), Crazy Lake Block (47 claims), and the South Parr Block (22 claims). Conceptual resource estimates, based on shallow drilling in the early 1960's, are summarized in Table 2.

Table 2

Area	Dimensions (km)	Volume Range (million m^3)	Conceptual Tonnage Range* (Mt)
South Mountain	2.5 x 1.4 x 0.15 (depth)	135-250	430-800
Crazy Lake (east & west)	2.5 x 1.4 x 0.50 (depth)	100-190	325-600
South Parr	3.7 x 0.6 x 0.25 (depth)	210-390	560-1,040
	Total:	**445-830**	**1,315-2,440**

**Conceptual estimates, as defined by the National Instrument 43-101 Standards of Disclosure for Mineral Projects, are intended to demonstrate the potential tonnage and grade, expressed as ranges, of mineralized iron formations underlying the Iron Projects.*

The Silicates Lake Property comprises 173 claims covering 91.85 km2 in the south-central part of the Gagnon Terrane. The western part of the Property is transected by the Trans-Québec Labrador Road (Highway 389). The Silicates Lake Property is underlain by approximately 40 km (aggregate strike length) of narrow, sinuous synforms of iron formation horizons that host several deposits with historic resources (Table 3).

MINING PROPERTIES – DESCRIPTION (CONTINUED):

Table 3

Occurrence	Historic Resource*	Fe %	Based on:	Year	Reference
Lac Athol North	5.08 Mt	30.20%	3 holes	1961	GM12097, GM13035
Lac Hoares East/West	19.3 Mt	30.00%	Geophysics	1961	GM12097, GM13035
Lac Silicates West	35.56 Mt	31.00%	5 holes	1961	GM12097, GM13035
Lac Silicates East (Brutus)	305 Mt	29.40%	18 holes	1961	GM12097, GM13035
Lac Silicates East (Brutus)	165 - 353 Mt	29.40%	18 historic holes (1961)	2013	GM67717
Totals:	**225-413 Mt**		**26 holes**		

**Historic resources are not NI 43-101 compliant and have no demonstrated economic viability. The grade and tonnage of the so-called resources are considered uncertain at best, as there has been insufficient exploration to categorize them as a Mineral Resource as defined by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves. Furthermore, it is uncertain whether further exploration will result in classification of the resources to Inferred, Indicated or Measured Mineral Resource categories.*

The Seignelay Property comprises five separate but localized blocks of claims (112 claims in total, covering 59.14 km2) in the northwestern part of the Gagnon Terrane. The claims cover parts of a 25 km, northeast-southwest stretch of ground underlain by narrow, poly-deformed synforms of iron formation that host seven (7) occurrences with historic estimated resources (Table 4).

Table 4

Occurrence	Historic Resource* (Mt)	Fe Grade	Based on:	Drilled in:	Reference
Group 4B	126	31.0%	19 holes	1959	GM10541
Group 4D	18.1	34.6%	8 holes	1959	GM34295
Group 5N	140	31.5%	12 holes	1958	GM10540
Group 5S	46.8	32.2%	23 holes	1961	GM11827
Group 6N	76.6	32.3%	8 holes	1960	GM11812
Group 6S	26.2	36.0%	3 holes	1961	GM34296
Group 7	33.1	34.9%	18 holes	1959-1962	GM34297
Totals:	**466.8**		**91 holes**		

**Historic resources are not NI 43-101 compliant and have no demonstrated economic viability. The grade and tonnage of the so-called resources are considered uncertain at best, as there has been insufficient exploration to categorize them as a Mineral Resource as defined by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves. Furthermore, it is uncertain whether further exploration will result in classification of the resources to Inferred, Indicated or Measured Mineral Resource categories.*

Qualified Person

John Langton, P.Geo., a Qualified Person as defined under NI 43-101, has reviewed and approved the scientific and technical content of the Iron Ore Properties summary.

EXPLORATION HIGHLIGHTS:

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

  On August 1, 2018, the Company 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 option expired during the year, no exploration work was executed and therefore, no interest acquired in these properties.

  The fourth property is a silica property (Langis East) in St-Vianney, Quebec. 100% undivided interest was acquired in exchange for 100,000 common shares.

- **Exploration grant:**

  The exploration grant of $30,000 for work 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 second quarter ended January 31, 2019.

- **TV Tower Property Exploration:**

  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 dated January 11, 2019 was prepared and filed on SEDAR on January 28, 2019.

- **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 was completed in the second quarter ending January 31, 2019.

- **Lac La Chesnaye Activities:**

  The company has mandated GoldMinds Geoservices Inc. to complete a technical report which is dated December 19, 2018 and is available on SEDAR.

EXPLORATION SUBSEQUENT EVENT HIGHLIGHTS:

- Subsequent to July 31, 2019, no material exploration activities were conducted.

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 statement of comprehensive loss for the year ended July 31, 2019.

During the three-month period ended July 31, 2019, no exploration and evalutaion expenses were incurred.

Exploration and evalution expenses
For the year ended July 31, 2019

	Quebec					
	Baie Trinite	**Silicate Brutus**	**Mouchalagane**	**Lac Robot**	**Seignelay**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Exploration and evaluation expenses:						
Surveys	49,736	114,746	157,754	93,786	70,286	486,308
	49,736	114,746	157,754	93,786	70,286	486,308

EXPLORATION ACTIVITIES:

QUEBEC AND NEW BRUNSWICK

Exploration activities for the three-month period ended July 31, 2019

During the three-month period ended July 31, 2019, the Company invested $9,858 in exploration and evaluation assets, before grants received of $10,000 ($831,690 before grants received of $378,956 for the three-month period ended July 31, 2018) of which 100% of the total was spent on the New Brunswick properties. On May 1, 2019, the Langis Property was sold for proceeds of $1,577,726.

Exploration and evalution assets

For the three-month period ended July 31, 2019

	Quebec				New Brunswick				
	Langis	Lac La Chesnaye	Silicate Brutus	Mouchalagane	Blackshale	Mountain Brook	TV Tower	Frenette	Total
Exploration and evaluation expenses:	$	$	$	$	$	$	$	$	$
Geology	1,780	-	-	-	-	100	100	4,105	6,085
Sampling	-	-	-	-	3,440	-	-	-	3,440
Maintenance and field supplies	61	-	-	-	-	-	-	272	333
	1,841	-	-	-	3,440	100	100	4,377	9,858
Other items:									
Grants	-	-	-	-	-	(10,000)	-	-	(10,000)
Loss on disposal	32,343	-	-	-	-	-	-	-	32,343
Proceeds from disposal of exploration and evaluation assets	(1,577,726)	-	-	-	-	-	-	-	(1,577,726)
	(1,545,383)	-	-	-	-	(10,000)	-	-	(1,555,383)
Balance at the beginning	1,543,542	107,073	300	300	41,547	31,762	373,476	-	2,098,000
Balance at the end	-	107,073	300	300	44,987	21,862	373,576	4,377	552,475

EXPLORATION ACTIVITIES (CONTINUED):

QUEBEC AND NEW BRUNSWICK

Exploration and evalution assets

For the three-month period ended July 31, 2018

	Quebec		New Brunswick			
	Langis	Lac La Chesnaye	Blackshale	Mountain Brook	TV Tower	Total
	$	$	$	$	$	$
Exploration and evaluation expenses:						
Plan and drawings	660,000	-	-	-	-	660,000
Drilling	-	-	-	-	168,932	168,932
Surveys	-	-	40,240	30,455	28,745	99,440
Geology	3,950	-	-	-	47,728	51,678
Environment	12,603	-	-	-	-	12,603
Excavator	-	-	-	-	12,099	12,099
Supervision	5,000	-	-	-	7,000	12,000
Core Library	-	-	-	-	5,100	5,100
Lodging	-	-	-	-	3,200	3,200
Maintenance and field supplies		-	767	767	1,487	3,021
Assays	2,456	-	-	-	-	2,456
Technical Reports	(237,410)	-	-	-	38,571	(198,839)
	446,599	-	41,007	31,222	312,862	831,690
Other items:						
Tax credit related to resources and mining tax	-	-	-	-	-	-
Grants	(366,956)	-	-	-	(12,000)	(378,956)
	79,643	-	41,007	31,222	300,862	452,734
Balance at the beginning	2,002,165	62,722	-	-	-	2,064,887
Balance at the end	2,081,808	62,722	41,007	31,222	300,862	2,517,621

EXPLORATION ACTIVITIES (CONTINUED):

QUEBEC AND NEW BRUNSWICK

Exploration activities for the year ended July 31, 2019

During the year ended July 31, 2019, the Company invested $274,557 in exploration and evaluation assets before grants received of $128,000 ($1,861,973 before grants received of $478,956 for the year ended July 31, 2018) of which approximately 47% of the total was spent on the Langis Property, 33% on the TV Tower Property, 16% on the Lac La Chesnaye Property and the remaining 4% on the other properties.

Exploration and evalution assets

For the year ended July 31, 2019

	Quebec				New Brunswick				
	Langis	Lac La Chesnaye	Silicate Brutus	Mouchalagane	Blackshale	Mountain Brook	TV Tower	Frenette	Total
Exploration and evaluation expenses:	$	$	$	$	$	$	$	$	$
Technical reports	41,854	38,896	-	-	-	-	-	-	80,750
Sampling	-	-	-	-	3,440	-	59,759	-	63,199
Geology	29,071	2,455	-	-	-	100	14,223	4,105	49,954
Drilling	41,225	-			-	-	655	-	41,880
Assays	11,016	-	-	-	-	-	6,348	-	17,364
Maintenance and field supplies	5,198	3,000	-	-	540	540	742	272	10,292
Travel and entertainment	-	-	-	-	-	-	3,679	-	3,679
Excavator	-	-	-	-	-	-	2,200	-	2,200
Taxes and permits	1,531	-	300	300	-	-	-	-	2,131
Transportation	-	-	-	-	-	-	1,869	-	1,869
Consultant	-	-	-	-	-	-	1,239	-	1,239
	129,895	44,351	300	300	3,980	640	90,714	4,377	274,557
Other items:									
Grants	(100,000)	-	-	-	-	(10,000)	(18,000)	-	(128,000)
Other revenue	(39,058)	-	-	-	-	-	-	-	(39,058)
Loss on disposal	(494,919)	-	-	-	-	-	-	-	(494,919)
Proceeds from disposal of exploration and evaluation assets	(1,577,726)	-	-	-	-	-	-	-	(1,577,726)
	(2,211,703)	-	-	-	-	(10,000)	(18,000)		(2,239,703)
Balance at the beginning	2,081,808	62,722	-	-	41,007	31,222	300,862	-	2,517,621
Balance at the end	-	107,073	300	300	44,987	21,862	373,576	4,377	552,475

EXPLORATION ACTIVITIES (CONTINUED):

QUEBEC AND NEW BRUNSWICK

Exploration and evaluation assets

For the year ended July 31, 2018

	Quebec		New Brunswick			
	Langis	Lac La Chesnaye	Blackshale	Mountain Brook	TV Tower	Total
	$	$	$	$	$	$
Exploration and evaluation expenses:						
Plan and drawings	760,000	-	-	-	-	760,000
Drilling	45,006	5,926	-	-	168,932	219,864
Surveys	-	-	40,240	30,455	28,745	99,440
Geology	44,548	56,796	-	-	47,728	149,072
Environment	47,491	-	-	-	-	47,491
Excavator	-	-	-	-	12,099	12,099
Supervision	18,756	-	-	-	7,000	25,756
Core Library	-	-	-	-	5,100	5,100
Lodging	-	-	-	-	3,200	3,200
Maintenance and field supplies		-	767	767	1,487	3,021
Assays	2,456	-	-	-	-	2,456
Technical Reports	495,903	-	-	-	38,571	534,474
	1,414,160	62,722	41,007	31,222	312,862	1,861,973
Other items:						
Tax credit related to resources and mining tax	-	-	-	-	-	-
Grants	(466,956)	-	-	-	(12,000)	(478,956)
	947,204	62,722	41,007	31,222	300,862	1,383,017
Balance at the beginning	1,134,604	-	-	-	-	1,134,604
Balance at the end	2,081,808	62,722	41,007	31,222	300,862	2,517,621

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 ANNUAL FINANCIAL INFORMATION

The following selected financial information is derived from our audited financial statements for each of the three most recently completed financial years.

	July 31 2019	July 31 2018	July 31 2017
	$	$	$
STATEMENTS OF COMPREHENSIVE LOSS			
Loss from operating expenses	3,868,045	1,506,890	758,173
Net finance expenses	289,939	278,137	194,986
Deferred income tax recovery	-	(160,816)	(100,753)
Net loss and comprehensive loss	4,157,984	1,624,211	852,406
Loss per share, Basic and diluted	0.34	0.20	0.20
MINING PROPERTIES AND EXPLORATION AND EVALUATION ASSETS			
Acquisition of mining properties	1,073,708	1,518,072	-
Acquisition of exploration and evaluation assets	274,557	1,861,973	349,363
STATEMENTS OF CASH FLOWS			
Cash flows used for operation activities	(3,462,916)	(922,790)	(733,737)
Cash flow from financing activities	246,509	5,158,450	1,129,129
Cash flow from (used for) investing activities	157,283	(1,075,343)	(261,763)
Net change in cash	(3,059,124)	3,160,317	133,629

	July 31 2019	July 31 2018	July 31 2017
	$	$	$
STATEMENTS OF FINANCIAL POSITION			
Cash	435,823	3,494,947	334,630
Mining properties	2,364,659	1,670,072	152,000
Exploration and evaluation assets	552,475	2,517,621	1,134,604
Total assets	4,886,699	7,961,382	1,694,843
Non-current financial liabilities	1,078,529	931,923	334,388
Equity	3,310,185	6,164,204	560,576

The basic and diluted loss per share during the year ended July 31, 2019 is $0.34 ($0.20 in 2018 and $0.20 in 2017). During the year ended July 31, 2019, the Company realized a net loss of $4,157,984 as compared to a net loss of $1,624,211 for the year ended July 31, 2018 (an increase of $2,533,773 compared to 2018) and a net loss of $852,406 for the year ended July 31, 2017 (an increase of $3,305,578 compared to 2017).

The significant increase of $2,533,773 for the year ended July 31, 2019 as compared to 2018 in net loss is mostly attributable to a significant increase of $2,361,155 in operating expenses (described below in operating expenses section).

The significant increase of $771,805 for the year ended July 31, 2018 as compared to 2017 in net loss is mostly attributable to a significant increase of $511,974 in share-based compensation and $197,555 in management and consulting fees.

SELECTED ANNUAL FINANCIAL INFORMATION (CONTINUED)

The total assets as at July 31, 2019 were $4,886,699 as compared to $7,961,382 and $1,694,843 for the years ended July 31, 2018 and 2017 respectively. The major change in 2019 compared to 2018 in total assets is the decrease in cash of $3,059,124 and exploration and evaluation assets of $1,965,146 offset by the increase of balance of purchase price receivable of $1,373,951 and mining properties of $694,587.

The major change in 2018 compared to 2017 in total assets is the increase of cash of $3,160,317, mining properties of $1,518,072 and exploration and evaluation assets of $1,383,017.

Non-current financial liabilities as at July 31, 2019 were $1,078,529 as compared to $931,923 and $334,388 for the years ended July 31, 2018 and 2017 respectively. The increase of $146,606 in 2019 compared to 2018 is mainly due to the effective interest costs on the convertible debentures.

The increase of $597,535 in 2018 compared to 2017 is mainly due to the amendment of the convertible debentures maturing on June 30, 2018 which was in the current liabilities for an amount of $626,704 in 2017 and is now reclassified in the long-term liabilities.

RESULTS OF OPERATIONS FOR THE YEAR ENDED JULY 31, 2019

Net loss

During the year ended July 31, 2019, the Company realized a net loss of $4,157,984 as compared to a net loss of $1,624,211 for the year ended July 31, 2018.

The significant increase of $2,533,773 for the year ended July 31, 2019 as compared to 2018 in net loss is mostly attributable to a significant increase of $2,361,155 in operating expenses (described below in operating expenses section).

Operating expenses

During the year ended July 31, 2019, operating expenses were $3,868,045 as compared to $1,506,890 for the year ended July 31, 2018.

The significant increase of $2,361,155 for the year ended July 31, 2019 as compared to 2018 in operating expenses is mainly attributable to the following; $1,514,178 in industrial feasibility study, $494,919 in loss on disposal of exploration and evaluation assets, $486,308 in general exploration expenses, $143,561 in professional fees, $103,175 in travel and promotion offset by $542,312 in share-based compensation.

Net finance expense

During the year ended July 31, 2019, net finance expense was $289,939 as compared to net finance expense of $278,137 for the year ended July 31, 2018.

The increase of $11,802 in 2019 as compared to 2018 in net finance expense is attributable to the increase of $38,426 in finance expense offset by $26,624 in finance income.

Deferred income tax recovery

During the year ended July 31, 2019, the Company recorded no deferred income tax recovery as compared to a deferred income tax recovery of $160,816 during the year ended July 31, 2018.

The decrease of $160,816 in 2019 is mainly attributable to the deferred income tax recovery of $46,040 and $91,467 due to the fiscal impact on the equity components following the issuance of the convertible debentures issued in March and July 2018.

RESULTS OF OPERATIONS FOR THE YEAR ENDED JULY 31, 2019 (CONTINUED)

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.

				2019				2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$	$	$	$	$	$	$	$
STATEMENTS OF COMPREHENSIVE LOSS								
Operating expenses	152,841	1,395,288	936,760	802,626	842,060	300,681	193,398	170,751
Net finance expenses	57,836	76,157	77,988	77,958	79,244	70,242	66,120	62,531
Deferred income tax recovery	-	-	-	-	(137,507)	-	(11,975)	(11,334)
Net loss	458,868	1,803,784	1,014,748	880,584	783,797	370,923	247,543	221,948
Loss per share Basic and diluted	0.04	0.14	0.09	0.08	0.07	0.04	0.04	0.05
MINING PROPERTIES AND EXPLORATION AND EVALUATION ASSETS								
Acquisition of mining properties	15,217	215,321	751,710	91,460	1,064	1,042,008	475,000	-
Acquisition of exploration and evaluation assets	48,916	14,494	70,244	140,903	931,690	714,719	133,820	81,744
STATEMENTS OF CASH FLOWS								
Cash flows used for operation activities	(458,957)	(537,781)	(1,259,959)	(1,206,219)	(328,405)	(227,483)	(228,725)	(138,177)
Cash flows provided from (used for) financing activities	-	247,559	(84)	(966)	(103)	2,782,872	2,288,629	87,052
Cash flows provided from (used for) investing activities	474,876	(19,975)	(273,255)	(24,363)	(332,357)	(505,756)	(77,537)	(159,693)
Net change in cash	15,919	(310,197)	(1,533,298)	(1,231,548)	(660,865)	2,049,633	1,982,367	(210,818)

				2019				2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
STATEMENTS OF FINANCIAL POSITION	$	$	$	$	$	$	$	$
Cash	435,823	419,904	730,101	2,263,399	3,494,947	4,155,812	2,106,179	123,812
Mining properties	2,364,569	2,351,250	2,513,242	1,761,532	1,670,072	1,669,008	627,000	152,000
Exploration and evaluation assets	552,475	554,458	2,610,768	2,540,524	2,517,621	2,064,887	1,350,168	1,216,348
Total assets	4,886,699	5,265,641	6,425,386	6,795,250	7,961,382	8,028,663	4,150,685	1,568,649
Total liabilites	1,576,514	1,533,644	1,395,414	1,422,596	1,797,178	1,808,475	1,129,535	1,143,681
Equity	3,310,185	3,731,997	5,029,972	5,372,654	6,164,204	6,220,188	3,021,150	424,968

SELECTED QUARTERLY FINANCIAL INFORMATION (CONTINUED)

The net loss of $458,868 for Q4-2019 is mostly attributable to management and consulting fees of $197,569, industrial feasibility study, net of governments grants received of $159,780, professional fees of $59,546 and net finance expenses of $57,836.

The net loss of $1,803,784 for Q3-2019 is mostly attributable to an increase in industrial feasibility study of $1,121,996, impairment of exploration and evaluation assets of $234,218, impairment of mining properties of $98,121 and management and consulting fees of $70,180.

The net loss of $1,014,748 for Q2-2019 is mostly attributable to an increase in industrial feasibility study of $525,446, share-based compensation of $38,400 and travel, promotion and events of $32,301 offset by a decrease in general exploration expenses of $397,692 and professional fees of $53,800.

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.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED JULY 31, 2019

Net loss

The basic and diluted loss per share for the three-month period ended July 31, 2019 is $0.04 as compared to $0.07 for the three-month period ended July 31, 2018.

During the three-month period ended July 31, 2019, the Company realized a net loss of $458,868 as compared to a net loss of $783,797 for the three-month period ended July 31, 2018. The significant decrease of $324,929 in net loss is mostly attributable to a significant decrease of $324,929 in operating expenses (described below in operating expenses section).

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED JULY 31, 2019 (CONTINUED)

Operating expenses

During the three-month period ended July 31, 2019, operating expenses were $152,841 as compared to $842,060 for the three-month period ended July 31, 2018.

The significant decrease of $689,219 in operating expenses is mostly attributable to a decrease of $434,067 in share-based compensation and industrial feasibility study, net of government grants of $293,044 offset by the increase in management and consulting fees of $90,788.

Net finance expense

During the three-month period ended July 31, 2018, net finance expense was $57,836 as compared to $79,244 for the three-month period ended July 31, 2018.

The decrease of $21,408 in net finance expense is mainly due to the effective interest income from the financing of convertible debentures.

Deferred income tax recovery

During the three-month period ended July 31, 2019, the Company recorded a deferred income tax recovery of $nil as compared to $137,507 for the three-month period ended July 31, 2018.

The decrease of $137,507 in 2019 is mainly attributable to the deferred income tax recovery of $46,040 and $91,467 due to the fiscal impact on the equity components following the issuance of the convertible debentures issued in March and July 2018.

CASH FLOWS

Cash flows used for operating activities

Cash flows used for operating activities were $3,462,916 during the year ended July 31, 2019 as compared to cash flows of $922,790 used for operating activities during the year ended July 31, 2018. The increase of 2,540,126 is mainly due to an increase in industrial feasibility study, net of grants receivable of $1,514,178, general exploration expenses of $486,308 and professional fees of $143,561.

Cash flows provided from financing activities

Cash flows provided from financing activities were $246,509 during the year ended July 31, 2019 compared to cash flows of $5,158,450 generated from financing activities during the year ended July 31, 2018. The decrease of $4,911,941 in cash flows is mainly explained by a decrease of $5,146,020 in proceeds from issuance of share and units and convertible debenture, offset by a decrease of $234,079 in share issuance costs.

CASH FLOWS (CONTINUED)

Cash flows provided from (used for) investing activities

Cash flows provided from investing activities were $157,283 during the year ended July 31, 2019 compared to cash flows of $1,075,343 used for investing activities during the year ended July 31, 2018. The decrease of $1,232,626 is mainly explained by the decrease in additions to exploration and evaluation assets net of government grants of $777,747 and the increase in proceeds from balance of purchase price receivable of $523,234.

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:

	July 31 2019	July 31 2018
	$	$
Management and consulting fees	741,831	549,352
Share-based compensation	38,400	544,910
	780,231	1,094,262

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

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.

The Company has consulting agreements with certain management personnel ending at various dates until February 2021. These agreements are for payments of $387,502 in 2020 and $130,002 in 2021. Some agreements require payment in case of a change of control of the Company or if the Company sells or leases substantially all of its assets or activities. One agreement requires a payment in case of termination of this agreement by the Company or the consultant.

As at July 31, 2019, trade accounts payable and accrued liabilities include $25,542 ($124,883 as at July 31, 2018) payable to key management personnel.

The Company is party to certain management contracts. Minimum commitments under these contracts are approximately $480,000. These contracts require that additional minimum payments of approximately $700,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these financial statements.

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, impacts or the expiration date. Currently, and to the best knowledge of its management, the Company is in conformity with current laws and regulations.

OFF-FINANCIAL POSITION ARRANGEMENTS

As at July 31, 2019, the Company has no off-financial position arrangements.

GOING CONCERN ASSUMPTION

The accompanying financial statements have been prepared on the basis of a 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 year ended July 31, 2019, the Company recorded a net loss of $4,157,984 ($1,624,211 in 2018) and has an accumulated deficit of $10,302,357 as at July 31, 2019 ($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 July 31, 2019, the Company had a working capital of $218,913 (working capital of $2,907,298 as at July 31, 2018) consisting of cash of $435,823 ($3,494,947 as at July 31, 2018). These uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. Any funding shortfall may be met in the future in a number of ways, including but not limited to, the issuance of new equity instruments. Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. The recovery of the cost of exploration and evaluation assets as well as other tangible and intangible assets, is subject to certain conditions: the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to continue the exploration, evaluation, development, construction and ultimately disposal of these assets. During the year ended July 31, 2019, the Company has raised $250,000 ($5,396,020 in 2018) from private placements to fund its operations and working capital. While management has been successful in raising financing in the past, there is no assurance that it will succeed in obtaining additional financing in the future.

IFRS ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies and estimates, changes in significant accounting policies and new standards and interpretation that have not yet been adopted under IFRS are disclosed in the audited annual financial statements for the year ended July 31, 2019.

DISCLOSURE OF OUTSTANDING SHARE DATA (as at November 26, 2019)

Outstanding common shares:	13,229,106
Outstanding share options:	437,500
Outstanding warrants:	4,086,617

OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

The following selected financial information is derived from our audited financial statements as at **July 31, 2019**.

Outstanding share options:	677,500	
Average exercise price of	$1.40	
Average remaining life of	3.39	years

		July 31 2019		**July 31 2018**
	Number of outstanding share options	**Weighted average exercise price**	**Number of outstanding share options**	**Weighted average exercise price**
		$		**$**
Outstanding at beginning	887,500	1.40	390,500	1.60
Granted	60,000	1.50	590,000	1.40
Forfeited	(270,000)	(1.50)	(93,000)	(2.40)
Outstanding at end	677,500	1.40	887,500	1.40
Exercisable at end	677,500	1.40	887,500	1.40

Outstanding warrants:	4,086,617	
Average exercise price of	$1.50	
Average remaining life of	0.9	years

		Outstanding warrants	
Expiry date	**Number of outstanding warrants**	**Exercise price**	**Remaining life**
		$	**(years)**
December 12, 2019	520,833	1.50	0.4
December 28, 2019	26,909	1.50	0.4
December 29, 2019	55,717	1.50	0.4
January 19, 2020	1,714,067	1.50	0.5
March 13, 2020	1,265,000	1.50	0.6
March 20, 2020	29,091	1.50	0.6
September 1, 2020	125,000	1.50	1.1
November 28, 2023	350,000	1.50	4.3
	4,086,617	1.50	0.9

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.

The Company's credit risk is primarily attributable to cash and balance of purchase price receivable. Credit risk of cash is considered negligible, since the counterparty is a reputable bank with excellent external credit rating.

The credit risk associated with the balance of purchase price arises from the possibility that the buyer may not be able to pay its debts. This receivable results from the sale of Langis properties and is guaranteed by the properties.

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 2019 and 2018).

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

				July 31 2019
	Less than 1 year	**1-5 years**	**More than 5 years**	**Total**
	$	**$**	**$**	**$**
Trade accounts payable and accrued liabilities	427,941	-	-	427,941
Convertible debentures (1)	66,500	831,250	-	897,750
Convertible debentures (2)	61,000	640,500	-	701,500
Convertible debentures (3)	40,000	500,000	-	540,000
	595,441	1,971,750	-	2,567,191

RISK AND UNCERTAINTIES (CONTINUED)

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.

Titles to property

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

According to the mining law and regulations of the Province of Québec, to renew its claims, the Company must incur a minimum of exploration expenditures and must pay the Québec government, a rent per claim, for every 2 years renewal period. Between the date of this MD&A and July 31, 2019, no claim will need to be renewed for a negligible amount and will not require additional exploration expenditures because the Company has met the requirement.

According to the mining law and regulations of the Province of New Brunswick, to renew its claims, the Company must incur a minimum of exploration expenditures and must pay the Nova Scotia government, a rent per claim of $20.00 and $200.00 of expenditures, for every one-year renewal period. Between the date of this MD&A and July 31, 2019, no claim will need to be renewed for a negligible amount and will not require additional exploration expenditures because the Company has met the requirement.

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, except as disclosed for the Langis Property. 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.

Revenue Agency

No assurance can be made that 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).

RISK AND UNCERTAINTIES (CONTINUED)

CERTIFICATION OF ANNUAL FILINGS

The Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Annual 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 annual filings.

- The Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the annual financial statements and the annual MD&A (together, the "annual filings") of the Company for the year ended July 31, 2019.

- Based on their knowledge, having exercised reasonable diligence, the Chief Executive Officer and the Chief Financial Officer confirm that the annual 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 annual filings.

- Based on their knowledge, having exercised reasonable diligence, the Chief Executive Officer and the Chief Financial Officer confirm that the annual financial statements together with the other financial information included in the annual 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 annual 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).

Officers

Gérald Panneton
Chairman and CEO

Patsie Ducharme
CFO and Corporate Secretary

Stéphane Leblanc
VP Corporate Development

Directors
Gérald Panneton (Chairman)
Michel Gagnon (Audit chair)
Guy Simard
Paul Dumas
Roger Urquhart
Pierre Renaud

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