CANADIAN METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended

July 31, 2020

(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, 2020. 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, 2020 as compared to the three-month period and year ended July 31, 2019.

This MD&A complements the audited financial statements for the year ended July 31, 2020 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, 2020 and related notes thereto.

The audited financial statements for the years ended July 31, 2020 and 2019 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, 2020. On November 26, 2020, 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 27, 2020.

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.

BUSINESS DEVELOPMENT HIGHLIGHTS:

- **Board of Directors - Management:**

  On September 23, 2019, the Company announced the appointment of Louis Dionne as Director of the Board, effective immediately.

  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.

  On December 2, 2019, Gerald Panneton, Chairman and CEO, resigned effective immediately. Michel G. Gagnon will assume the role on an interim basis. Patsie Ducharme, CFO and Corporate Secretary, had given her resignation effective December 31, 2019 and later agreed to hold the position until a suitable replacement is found.

  On April 14, 2020, the Company announced that all senior management members have significantly reduced or completely waived cash compensation in order to conserve cash and will be compensated instead with shares/options under a plan to be decided and approved later. The corporate team has been reorganised as follows:

  - Michel G. Gagnon was Interim Chairman and CEO, he will remain as Chairman
  - Stephane Leblanc was appointed President & CEO
  - Beat Frei was appointed Vice President Development & Project finance
  - Patsie Ducharme remains Chief Financial Officer of the Company.

  Mr. Beat Frei is a new addition to the management team. He has successfully executed mandates in various areas including corporate and infrastructure/project finance. Mr. Frei is based in Switzerland. Prior to commencing his role as a financial advisor in the commodities field in 2000, Mr. Frei worked for more than 20 years in various positions at Credit Suisse/CSFB (Vice President) and as a Director of UBS AG. More recently, Mr. Frei contributed significantly in the acquisition and restart of the Bloom Lake Mine with Champion Iron Ltd. as Head of Finance, Business Development and Marketing. Prior to the Champion role, he was instrumental to the upgrade of several steel and metal plants in the Middle East and CIS countries, was Finance Director of Klockner & Co., Germany (a leading steel distribution company), was engaged by global steel traders such as Duferco SA, Switzerland and Balli Group, UK and advised SMS Demag AG, Germany (a leading equipment maker for the steel industry).

BUSINESS DEVELOPMENT HIGHLIGHTS (CONTINUED)

- **Board of Directors – Management (Continued)**

  Furthermore, Mr. Frei held the position of CFO with OOO Enisey, a mid-size Russian oil company which transformed into an integrated oil company by building the world's most northerly-located refinery in Usinsk. Significantly, projects which were completed and advanced with Mr. Frei's input had a value of more than US $2.25 billion and were mainly financed with debt instruments.

  On September 25, 2020, the Company announced that Patrick Moryoussef, who's been actively advising the Company over the years, and Yves Rougerie have accepted to be appointed to the board of directors. Mr. Rougerie and Mr. Moryoussef fill the vacancy created by Paul Dumas and Roger Urquhart, who have resigned from the board of directors to pursue other ventures.

  Mr. Yves Rougerie, P.Geo., is a graduate of Montreal's UQAM in Earth Sciences and brings 40 years of experience in the mining exploration and development business. He has been the President and CEO of Vision Lithium and its predecessors since 2007. Throughout his career, Mr. Rougerie has worked for several companies, including AREVA and AUR Resources. He played a significant role in the exploration, discovery and development phases of Aur Resources' Louvicourt Cu-Zn-Ag-Au Mine near Val-d'Or, participated in the discovery and definition of Areva's "L" uranium-gold deposit and Vision's nearby Epsilon high grade discoveries in the Otish Mountains and was responsible for the initial discovery of the Gladiator gold deposit of Bonterra Resources, all in Quebec. Mr. Rougerie has a wide range of experience in exploration techniques and project management pertaining to narrow-vein Gold, VMS Cu-Zn, uranium-gold and lithium deposits. Mr. Rougerie was also a founding Director of Scorpio Mining Corporation, now Americas Gold and Silver Corp.

  Mr. Patrick Moryoussef is Senior Vice President – Technical Services and Operational Performance at Endeavour Mining Corporation. He previously served 16 years as Vice-President, Mining Operations with SEMAFO inc. prior to the merger in July 2020 with Endeavour. In his past career, Mr. Moryoussef occupied various positions as General Manager, Senior Project Engineer, Chief Engineer and Captain at various mining operations within the Noranda, Placer Dome and Falconbridge group. He has also acted as Administrator of various junior mining companies. His expertise includes, mining, strategic development, financials, feasibility studies, 43-101, construction, acquisitions, and support to operations. Mr. Moryoussef is a professional mining engineer graduate from McGill University and a member of Ordre des Ingénieurs du Québec.

- **Debenture Interest Payment in Shares:**

  On December 31, 2019, interest on debentures were paid through the issuance of 597,787 shares, allocated as follows:

  - 237,330 shares on the $33,250 convertible debenture bearing interest at 10%, paid semi-annually, maturing December 31, 2022.
  - 217,702 shares on the $30,500 convertible debenture bearing interest at 10%, paid semi-annually, maturing December 31, 2020.
  - 142,755 shares on the $20,000 convertible debenture bearing interest at 10%, paid semi-annually, maturing December 31, 2022.

BUSINESS DEVELOPMENT HIGHLIGHTS (CONTINUED)

- **Purchase of mineral property:**

  On April 3, 2020, as per the mineral property purchase agreement of March 1, 2019, the Company issued 30,000 common shares at a fair value of $0.055 for a total value of $1,650 for the acquisition of the 100% undivided interest in the Frenette Property, located in New-Brunswick.

- **Gain on debt settlement:**

  On March 18, 2020, the Company entered into debt settlement agreements with arms-length parties to settle an aggregate $141,975 in debt. In settlement of the debt, the Company issued an aggregate of 567,901 common shares in the capital of the Company at a deemed price of $0.055 per share. The debt was completely satisfied and extinguished upon the issuance of the common shares.

- **Share Consolidation:**

  On September 16, 2019, the Company consolidated its common shares on a ten (10) for one (1) basis with the record date of September 17, 2019. Post consolidation the Company had 13,229,106 new shares outstanding.

- **Baie-Comeau Project Updates:**

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

  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 needs to raise additional capital. While current silicon market conditions are unfavorable, the longer-term outlook is still positive and showing growth in the sector.

  The Board of Directors and management are reviewing strategic options in relation to the Baie-Comeau project and all of its mining properties.

BUSINESS DEVELOPMENT HIGHLIGHTS (CONTINUED):

- **Baie-Comeau Project Updates (Continued):**

  On April 14, 2020, the Company confirmed through a press release, that a significant portion of the team's efforts will be to the silicon metal project, thereby the Company will analyze all the possibilities with its other assets which could include disposal. The strategic direction will focus on a full review and update of its industrial feasibility study with the following objectives:

  - build one of the most competitive silicon plants on a net CO2 basis,
  - develop renewable resources,
  - participate in regional economic development,
  - leverage Quebec talent and know how,
  - create wealth and major economic benefits for all stakeholders and
  - generate employment

  On May 27, 2020, the Company disclosed its intention to combine the future silicon metal plant with a CO2 neutralization solution with the objective of capturing, reducing, and recycling pollution by CO2 and particles before their release into the atmosphere and creating the first CO2 free silicon metal production from non-renewable sources. The Company strongly believes that Governments around the world will increase CO2 taxes or similar soon.

  The Company further announces its intention to proactively research, assess and conduct due diligence on potential new opportunities in the CO2 neutralization industry. The plan is to capture CO2 from non-renewable sources of our future silicon metal plant and to use it in the processing of various high value-added products.

  There are currently no new transactions in place and there can be no assurance that the Company will successfully complete a transaction for a new combined project in the future.

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

  On November 15, 2019, the Company elected to terminate its option agreement with FeTiV Minerals inc., 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.

- **Update on payments receivable following the sale of the Langis quarry**

  The Company has received the first minimum payment of $150,000 from Les Minéraux Industriels du Québec Inc (« MIQ ») in relation to the May 2, 2019 agreement. This payment represents the second installment of a total of staged cash payments of $2,250,000 to be made by MIQ in accordance with the agreement (see press release of May 2, 2019). The third installment is a minimum payment of $300,000 due on or before December 31, 2020.

- **Private placement**

  On September 25, 2020, the Company announced that it intends to complete a private placement, pursuant to which it will issue up to an aggregate of 5,000,000 units at a price of $0.08 per unit for gross proceeds of up to $400,000. Each unit will be comprised of one common share in the capital of the Company and one non-transferable share purchase warrant. Each warrant will entitle the holder to purchase one additional share in the capital of the Company for a period of 24 months from the closing date at an exercise price of $0.15. Insiders may participate in the private placement and all securities issued will be subject to a hold period of four months and one day from the closing, in accordance with securities laws. The proceeds will be used for general working capital.

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 and sold in 2019 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:

The Company owns 20% of five iron ore properties located in Québec: Mouchelagane, Silicate Lake, Seignely, Baie Trinité and Lac Robot. 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).

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.

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.

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:

- Although no material exploration activities were conducted during the year ended July 31, 2020 and subsequently up to the date of this MD&A, management believes that the mining properties have potential and as described above, it is in the process of evaluating its options and possibilities with respect to its activities to maximise the value for shareholders. The Company has the intention to renew its mining claims for its owned properties and maintain its agreements in good standing.

EXPLORATION AND EVALUATION EXPENSES:

Exploration and evaluation expenses for the three-month period ended July 31, 2020 and 2019

Exploration and evaluation expenses For the three-month ended July 31, 2020	Quebec	
	Langis	**Total**
	$	**$**
Exploration and evaluation costs:		
Technical reports	10,000	10,000
	10,000	10,000

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

Exploration and evaluation expenses for the year ended July 31, 2020 and 2019

In the year ended July 31,2020, the Company decided not to pursue a previously initiated study which was supported by a grant received in the year ended July 31, 2018. For the year ended July 31, 2020, the impact of the decision was a net recovery of $146,277 for previously incurred costs which was unknown prior to the termination of the study and the recognition of a grant refundable of $337,320.

See below for the detailed analysis of the exploration and evaluation expenses realized on the Baie Trinité, Silicate Brutus, Mouchalagane, Lac Robot and Seignelay 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.

Exploration and evaluation expenses For the year ended July 31, 2019	Quebec					
	Baie Trinité	**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, 2020

During the three-month period ended July 31, 2020, no amounts were invested in exploration and evaluation assets ($9,858 before grants received of $10,000 for the three-month period ended July 31, 2019, 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 evaluation 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 activities for the year ended July 31, 2020

During the year ended July 31, 2020, the Company invested $55,610 in exploration and evaluation assets and reimbursed a grant of $5,167 ($274,557 before grants received of $128,000 for the year ended July 31, 2019) of which approximately 32% of the total was spent on the Silicate Brutus Property, 29% on the Mouchalagane Property, 18% on the Mountain Brook Property, 11% on the TV Tower Property and the remaining 10% on the other properties.

Exploration and evaluation assets

For the year ended July 31, 2020

	Quebec					New Brunswick				
	Lac La Chesnaye	Silicate Brutus	Mouchalagane	Lac Robot	Seignelay	Blackshale	Mountain Brook	TV Tower	Frenette	Total
Exploration and evaluation costs:	$	$	$	$	$	$	$	$	$	$
Geology	-	14,038	11,908	-	-	-	-	-	-	25,946
Stripping and line cutting	-	-	-	-	-	-	9,666	-	-	9,666
Warehouse rental	-	-	-	-	-	-	-	6,301	-	6,301
Surveys	-	2,712	2,713	-	-	-	-	-	-	5,425
Equipment rental	-	-	-	-	-	-	-	-	3,673	3,673
Technical reports	-	250	490	750	250	-	500	-	-	2,240
Maintenance and field supplies	-	910	950	-	-	-	-	-	-	1,860
Sampling	-	-	-	-	-	499	-	-	-	499
	-	17,910	16,061	750	250	499	10,166	6,301	3,673	55,610
Other items:										
Grant reimbursed	-	-	-	-	-	-	5,167	-	-	5,167
Balance at the beginning	107,073	300	300	-	-	44,987	21,862	373,576	4,377	552,475
Balance at the end	107,073	18,210	16,361	750	250	45,486	37,195	379,877	8,050	613,252

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 evaluation 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

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, 2020	July 31, 2019	July 31, 2018
	$	$	$
STATEMENTS OF COMPREHENSIVE LOSS			
Loss from operating expenses	337,059	3,868,045	1,506,890
Net finance expenses	109,225	289,939	278,137
Deferred income tax recovery	-	-	(160,816)
Net loss and comprehensive loss	446,284	4,157,984	1,624,211
Loss per share, Basic and diluted	0.03	0.34	0.20
MINING PROPERTIES AND EXPLORATION AND EVALUATION ASSETS			
Acquisition of mining properties	35,569	1,073,708	1,518,072
Additions to exploration and evaluation assets	55,610	274,557	1,861,973
STATEMENTS OF CASH FLOWS			
Cash flows used for operation activities	(59,105)	(3,462,916)	(922,790)
Cash flow from (used for) financing activities	(766)	246,509	5,158,450
Cash flow from (used for) investing activities	140,843	157,283	(1,075,343)
Net change in cash	80,972	(3,059,124)	3,160,317

	July 31, 2020	July 31, 2019	July 31, 2018
	$	$	$
STATEMENTS OF FINANCIAL POSITION			
Cash	516,795	435,823	3,494,947
Mining properties	2,400,228	2,364,659	1,670,072
Exploration and evaluation assets	613,252	552,475	2,517,621
Total assets	4,971,984	4,886,699	7,961,382
Non-current financial liabilities	709,463	1,078,529	931,923
Equity	3,027,396	3,310,185	6,164,204

The basic and diluted loss per share during the year ended July 31, 2020 is $0.03 ($0.34 in 2019 and $0.20 in 2018). During the year ended July 31, 2020, the Company realized a net loss of $446,284 as compared to a net loss of $4,157,984 for the year ended July 31, 2019 (a decrease of $3,711,700 compared to 2019) and a net loss of $1,624,211 for the year ended July 31, 2018 (an increase of $1,177,927 compared to 2018).

The significant decrease of $3,711,700 for the year ended July 31, 2020 as compared to 2019 in net loss is mostly attributable to a significant decrease of $3,530,986 in operating expenses (described below in operating expenses section).

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).

SELECTED ANNUAL FINANCIAL INFORMATION (CONTINUED)

The total assets as at July 31, 2020 were $4,971,984 as compared to $4,886,699 and $7,961,382 for the years ended July 31, 2019 and 2018, respectively. The major change in 2020 compared to 2019 in total assets is the increase in cash of $80,972, exploration and evaluation assets of $60,777 and mining properties of $35,569 offset by the decrease of balance of purchase price receivable of $98,571.

The major changes in 2019 compared to 2018 in total assets are 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.

Non-current financial liabilities as at July 31, 2020 were $709,463 as compared to $1,078,529 and $931,923 for the years ended July 31, 2019 and 2018, respectively. The decrease of $369,066 in 2020 compared to 2019 is mainly due to the increase of the current portion of convertible debentures.

The increase of $146,606 in 2019 compared to 2018 in non-current liabilities is mainly due to the effective interest costs on the convertible debentures.

RESULTS OF OPERATIONS FOR THE YEAR ENDED JULY 31, 2020

Net loss

During the year ended July 31, 2020, the Company realized a net loss of $446,284 as compared to a net loss of $4,157,984 for the year ended July 31, 2019.

The significant decrease of $3,711,700 for the year ended July 31, 2020 as compared to 2019 in net loss is mostly attributable to a significant decrease of $3,530,986 in operating expenses (described below in operating expenses section).

Operating expenses

During the year ended July 31, 2020, operating expenses were $337,059 as compared to $3,868,045 for the year ended July 31, 2019.

The significant decrease of $3,530,986 for the year ended July 31, 2020 as compared to 2019 in operating expenses is mainly attributable to the following; $1,630,959 in industrial feasibility study, $632,585 in general exploration expenses, $494,919 in loss on disposal of exploration and evaluation assets, and $391,338 in management and consulting fees.

Net finance expense

During the year ended July 31, 2020, net finance expense was $109,225 as compared to net finance expense of $289,939 for the year ended July 31, 2019.

The decrease of $180,714 in 2020 as compared to 2019 in net finance expense is attributable to the increase of $114,939 in gain on settlement of interest related to debentures and $110,229 in finance income offset by the increase of $44,454 in finance expense.

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.

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	$	$	$	$	$	$	$	$
STATEMENTS OF COMPREHENSIVE LOSS								
Operating expenses (income)	101,347	(125,758)	208,725	318,507	152,841	1,395,288	936,760	802,626
Net finance expense (income)	(79,963)	65,077	40,345	83,766	57,836	76,157	77,988	77,958
Net loss (income)	21,384	(226,443)	249,070	402,273	458,868	1,803,784	1,014,748	880,584
Loss per share Basic and diluted	0.001	(0.02)	0.02	0.03	0.04	0.14	0.09	0.08

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
STATEMENTS OF FINANCIAL POSITION	$	$	$	$	$	$	$	$
Cash	516,795	607,933	185,859	212,479	435,823	419,904	730,101	2,263,399
Mining properties	2,400,228	2,400,228	2,397,386	2,394,036	2,364,569	2,351,250	2,513,242	1,761,532
Exploration and evaluation assets	613,252	613,252	590,279	588,779	552,475	554,458	2,610,768	2,540,524
Total assets	4,971,984	4,947,750	4,511,977	4,706,421	4,886,699	5,265,641	6,425,386	6,795,250
Total liabilites	1,944,588	1,945,830	1,769,385	1,798,509	1,576,514	1,533,644	1,395,414	1,422,596
Equity	3,027,396	3,001,920	2,742,592	2,907,912	3,310,185	3,731,997	5,029,972	5,372,654

The net loss of $21,384 for Q4-2020 is mostly attributable to management and consulting fees of $58,128, professional fees of $18,643, net finance expenses of $34,976 and general exploration expenses of $10,000 offset by gain on settlement of interest related to debentures of $114,939.

The net income of $226,443 for Q3-2020 is mostly attributable to management and consulting fees of $75,000, net finance expenses of $65,077 offset by industrial feasibility study of $232,344 and gain on debt settlement of $126,073.

The net loss of $249,070 for Q2-2020 is mostly attributable to management and consulting fees of $99,121, professional fees of $84,139 and net finance expenses of $40,345.

The net loss of $402,273 for Q1-2020 is mostly attributable to management and consulting fees of $136,514, professional fees of $69,500, investor's relations of $52,476 and net finance expenses of $83,766.

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.

SELECTED QUARTERLY FINANCIAL INFORMATION (CONTINUED)

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.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED JULY 31, 2020

Net loss

The basic and diluted loss per share for the three-month period ended July 31, 2020 is $0.001 as compared to $0.04 for the three-month period ended July 31, 2019.

During the three-month period ended July 31, 2020, the Company realized a net loss of $21,384 as compared to a net loss of $458,868 for the three-month period ended July 31, 2019. The significant decrease of $437,484 in net loss is mostly attributable to a decrease of $260,700 in loss on disposal of exploration and evaluation assets, $139,441 in management and consulting fees and an increase of $114,939 in gain on settlement of interest related to debentures.

Operating expenses

During the three-month period ended July 31, 2020, operating expenses were $101,347 as compared to $152,841 for the three-month period ended July 31, 2019.

The decrease of $51,494 in operating expenses is mostly attributable to a decrease in management and consulting fees of $139,441, in professional fees of $40,903 and in industrial feasibility study recovery of $133,264.

Other expenses

During the three-month period ended July 31, 2020, other expenses were $nil as compared to $248,191 for the three-month period ended July 31, 2019.

The decrease of $248,191 in other expenses is mostly attributable to a decrease in loss on disposal of exploration and evaluation expenses of $260,700.

Net finance expense

During the three-month period ended July 31, 2020, net finance expense was ($79,963) as compared to $57,836 for the three-month period ended July 31, 2019.

The decrease of $137,799 in net finance expense is mainly due to the gain on settlement of interest related to debentures of $114,939.

CASH FLOWS

Cash flows used for operating activities

Cash flows used for operating activities were $59,105 during the year ended July 31, 2020 as compared to cash flows of $3,462,916 used for operating activities during the year ended July 31, 2019. The decrease of $3,403,811 is mainly due to a decrease in industrial feasibility study costs, net of grants receivable, of $1,746,522, general exploration expenses of $476,091, management and consulting fees of $391,338 and changes in working capital items of $685,494.

Cash flows provided from (used for) financing activities

Cash flows used for financing activities were $766 during the year ended July 31, 2020 compared to cash flows of $246,509 generated from financing activities during the year ended July 31, 2019. The decrease of $247,275 in cash flows is mainly explained by a decrease of $250,000 in proceeds from issuance of shares and units.

Cash flows provided from investing activities

Cash flows provided from investing activities were $140,843 during the year ended July 31, 2020 compared to $157,283 during the year ended July 31, 2019. The decrease of $16,440 is mainly explained by the decrease in proceeds from balance of purchase price receivable of $287,694, government grants applied against exploration and evaluation assets of $133,167, acquisition of mining properties of $188,232, additions to exploration and evaluation assets of $179,889 and repayment of convertible debentures of $35,000.

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, 2020	July 31, 2019
	$	$
Management and consulting fees	361,000	741,831
Share-based compensation	-	38,400
	361,000	780,231

In addition to the related party transactions presented elsewhere in the financial statements, the following is a summary of other related party 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 $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, 2020, trade accounts payable and accrued liabilities include $nil ($25,542 as at July 31, 2019) payable to key management personnel.

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, 2020, 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 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, 2020, the Company recorded a net loss of $446,284 ($4,157,984 in 2019) and has an accumulated deficit of $10,748,641 as at July 31, 2020 ($10,302,357 as at July 31, 2019). 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, 2020, the Company had a working capital deficiency of $365,631 (working capital of $218,913 as at July 31, 2019) consisting of cash of $516,795 ($435,823 as at July 31, 2019). 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.

In March 2020, the World Health Organization declared the COVID-19 epidemic a pandemic. The situation is continually evolving, and the measures put in place have numerous economic repercussions at the global, national, provincial and local levels. These measures, which include travel bans, solitary confinement or quarantine (voluntary or not), and social distancing, have caused significant disruption among businesses, globally and in Canada, due to the economic slowdown. Governments and central banks have responded by implementing monetary and fiscal measures to stabilize the world economy; however, the current challenging economic climate may cause adverse changes in cash flow, the level of working capital and the search for future financing, which could have a direct impact on the Company's future financial position. The Company has implemented measures to mitigate the impact of the pandemic on its future operations.

IFRS ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies and estimates, changes in significant accounting policies and new standards and interpretations that have not yet been adopted under IFRS are disclosed in the audited annual financial statements for the year ended July 31, 2020.

FINANCIAL INSTRUMENTS

The Company's description of the financial instruments is disclosed in Note 4 of the audited annual financial statements for the year ended July 31, 2020.

DISCLOSURE OF OUTSTANDING SHARE DATA (AS AT NOVEMBER 27, 2020)

Outstanding common shares:	14,424,794
Outstanding share options:	402,500
Outstanding warrants:	350,000

OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

The following selected financial information is derived from our audited financial statements as at July 31, 2020.

Outstanding share options:	402,500	
Average exercise price of	$1.38	
Average remaining life of	2.56	years

		July 31, 2020		July 31, 2019
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		$		$
Outstanding at beginning	677,500	1.40	887,500	1.40
Granted	-	-	60,000	1.50
Expired	(275,000)	(1.370)	(270,000)	(1.50)
Outstanding at end	402,500	1.38	677,500	1.40
Exercisable at end	402,500	1.38	677,500	1.40

Outstanding warrants:	475,000	
Average exercise price of	$1.50	
Average remaining life of	2.48	years

OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

		Outstanding warrants	
Expiry date	**Number of outstanding warrants**	**Exercise price**	**Remaining life**
		$	**(years)**
September 1, 2020	125,000	1.50	0.09
November 28, 2023	350,000	1.50	3.33
	475,000	1.50	2.48

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 the Langis Property and is guaranteed by the property.

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 2020 and 2019).

RISK AND UNCERTAINTIES (CONTINUED)

Liquidity risk (continued)

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

				July 31, 2020
	Less than 1 year	**1-5 years**	**More than 5 years**	**Total**
	$	**$**	**$**	**$**
Trade accounts payable and accrued liabilities	335,432	-	-	335,432
Grants refundable	337,320	-	-	337,320
Convertible debentures (1)	66,500	764,750	-	831,250
Convertible debentures (2)	640,500	-	-	640,500
Convertible debentures (3)	40,000	460,000	-	500,000
	1,419,752	1,224,750	-	2,644,502

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.

RISK AND UNCERTAINTIES (CONTINUED)

Titles to property (continued)

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, 2020, 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.

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.

RISK AND UNCERTAINTIES (CONTINUED)

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.

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.

RISK AND UNCERTAINTIES (CONTINUED)

Key employees

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

Canada Revenue Agency

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

CERTIFICATION OF 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, 2020.

- 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

Michel Gagnon
Chairman

Stéphane Leblanc
President and CEO

Patsie Ducharme
CFO

Directors

Michel Gagnon (Audit chair)
Pierre Renaud
Guy Simard
Patrick Moryoussef
Yves Rougerie

Transfer agent

Computershare Canada
Montréal (Quebec)

Special advisors

Javier Bullon

Legal advisors

McMillan
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866, 3ieme Avenue
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Auditor

PwC
Montréal (Quebec)