



Canadian Metals Inc.

CSE: CME

Canadian Metals Announces a Five Year Extension and Amendment of Convertible Debentures

December 18, 2020 Montréal, Québec. – Canadian Metals Inc. (“**CME**” or the “**Corporation**”) (**CSE: CME**) is pleased to announce that it has given the opportunity to the holders (the “**Holder**s”) of its \$1.675 million subordinated unsecured convertible debentures (the “**Outstanding Debentures**”), as amended, to subscribe for new subordinated unsecured convertible debentures (the “**New Debentures**”).

All the holders of Outstanding Debentures have entered into binding subscription agreements for \$1.675 million of the New Debentures.

Stéphane Leblanc, President and CEO, stated, “The holders of the existing debentures expressed strong support to extend the facility, and this significantly strengthens our balance sheet going forward.”

The Outstanding Debentures have been substituted for a new principal amount equal to the principal amount of the Outstanding Debentures, with such novation to be effective on December 18, 2020 (the “**Closing Date**”).

CME issued New Debentures in the aggregate maximum principal amount of \$1.675 million. The New Debentures have an issue price of \$1,000 per New Debenture, mature on March 31, 2025, bear interest at 3% per annum, payable on March 31 of each year while outstanding, which interest, subject to regulatory approval, may at the option of the Corporation be settled in common shares. The principal amount of the New Debentures will be convertible into common shares (“**Conversion Shares**”) of the Corporation at the price of \$0.40 per Conversion Share (the “**Conversion Price**”). The New Debentures and, if issued within four months of the date of issue of the New Debentures, the Conversion Shares, will be subject to a four month hold period from the date of issuance of the New Debentures, in accordance with applicable Canadian securities laws. The offering of the New Debentures is subject to the approval of the Canadian Securities Exchange.

Notwithstanding the foregoing, the Corporation shall pay to the Holders interest in the amount of 3% per annum on the principal amount of the Outstanding Debentures for the period from January 1, 2020 to June 30, 2020, such interest being payable on the closing date of the Private Placement (as defined below) and the first interest payment pursuant to the New Debentures shall be calculated for the period commencing on July 1, 2020 and ending on the date preceding March 31, 2021.

The Corporation may redeem the New Debentures in cash on not more than 60 days’ and not less than 30 days’ notice prior to the date fixed for redemption, in whole or in part from time to time, upon required prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest.

Furthermore, the Corporation shall redeem the New Debentures in amounts that are proportionate to the number of issued and outstanding New Debentures, out of fifty percent (50%) out of the amount of all revenues that the Corporation receives from Les Minéraux Industriels du Québec Inc.

Additionally, in the event the Corporation launches a commercial silicon metals smelter project at any time prior to the redemption of the New Debentures and such project reaches commercial production, it shall pay a premium equal to ten percent (10%) of the outstanding principal amount of the New Debentures.

Private Placement

Further to its September 25, 2020 press release, the Corporation expects to close its non-brokered private placement (the “**Private Placement**”) of units at a price of \$0.08 per Unit.

Related Party Transaction

Certain insiders of the Corporation subscribed for a total of \$41,000 of the New Debentures, which is a “related party transaction” within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). The issuances to the insiders are exempt from the valuation requirement of MI 61-101 by virtue of the exemption contained in section 5.5(b) as the Corporation’s shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(a) of MI 61-101 in that the fair market value of the consideration of the securities issued to the related parties did not exceed 25% of the Corporation’s market capitalization. The Corporation did not file a material change report more than 21 days before the expected closing of the private placement as the details of the private placement and the participation therein by related parties of the Corporation were not settled until shortly prior to closing and the Corporation wished to close on an expedited basis for sound business reasons.

About Canadian Metals Inc.

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

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