



Canadian Metals Inc.

CSE: CME

Canadian Metals Receives Shareholder Approval of Previously Announced Acquisition and Plan of Arrangement and Announces Closing of Acquisition

July 28, 2021, Montréal, Québec - Canadian Metals Inc. ("**CME**" or the "**Corporation**") (CSE: **CME**), is pleased to announce that its previously announced acquisition (the "**Acquisition**") of all of the outstanding common shares of Targets Minerals Inc. ("**TM**") and its previously announced plan of arrangement (the "**Arrangement**") have been approved by the Corporation's shareholders at an annual general and special meeting of the shareholders of CME held July 27, 2021 (the "**Meeting**").

At the Meeting, shareholders of CME also approved other matters, namely: PricewaterhouseCoopers LLP, Partnership of Chartered Professional Accountants were re-appointed as auditors of the Corporation for the ensuing year, the 10% rolling stock option plan of CME's wholly-owned subsidiary QNB Metals Inc. ("**Spinco**") was approved, and the following five directors were elected: Michel Gagnon, Guy Simard, Patrick Moryoussef, Yves Rougerie and Maxime Lemieux.

Acquisition of TM

The Corporation is pleased to further announce that it has closed the Acquisition pursuant to the share purchase agreement dated July 27, 2021 entered into between the Corporation, TM and the shareholders of TM (the "**Share Purchase Agreement**"). TM has a 100% interest in the Nicholas-Denys and Oxford Brook projects located in New Brunswick. Pursuant to the Share Purchase Agreement, the aggregate purchase price of the Acquisition was C\$5,400,000, paid through the issuance of 27,000,000 common shares of CME (each a "**Share**") at a deemed price of C\$0.20 per Share.

In connection with the Acquisition, the Corporation also issued 2,160,000 Shares to Generic Capital Corporation ("**Generic**") as advisory fee shares ("**Fee Shares**") pursuant to an advisory agreement dated October 1, 2020 entered into between TM and Generic. The Fee Shares are subject to a regulatory four month hold and a voluntary escrow providing for staggered releases over the next 18 months.

Related Party Transaction

The Acquisition constitutes a "related party transaction" as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Acquisition required minority approval in accordance with MI 61-101, for which the votes attached to the Shares owned by Stéphane Leblanc, Beat Frei and Michel Gagnon were excluded. These Shares were excluded due to the fact that their owners are principals of both TM and CME. Mr. Gagnon disclosed to the other directors of the Corporation his interest in TM and the Acquisition and as such, only directors who are "independent" as such term is defined in MI 61-101 (the "**Disinterested Directors**") were entitled to vote on any board resolutions, or make any decisions, to approve the Acquisition. The Acquisition has been approved by only the Disinterested Directors.

Plan of Arrangement

On June 17, 2021, the Corporation entered into an arrangement agreement (the “**Arrangement Agreement**”) with Spinco. The Arrangement Agreement, a copy of which will be available under the Corporation’s profile on SEDAR, sets out the terms on which the Corporation will complete the Arrangement under the *Business Corporations Act* (Québec) with Spinco whereby the Corporation’s Lac Chesnaye property located in Québec will be spun out to Spinco in exchange for the issuance of 4,300,000 Class A common shares of Spinco (“**Spinco Shares**”) to the Corporation.

In accordance with the terms of the Arrangement Agreement, the Corporation will then effect a reorganization of its share capital and distribute such Spinco Shares to the shareholders of the Corporation on a pro rata basis.

Spinco intends to seek a listing of the Spinco Shares on the Canadian Securities Exchange (the “**CSE**”) following the completion of the Arrangement. In connection with the Arrangement and the listing, Spinco is completing a private placement of a minimum of 5,000,000 units of Spinco (“**Spinco Units**”) and maximum of 15,000,000 Spinco Units at a price of \$0.10 per Spinco Unit for minimum aggregate gross proceeds of \$500,000 and maximum aggregate gross proceeds of \$1,500,000 (the “**Spinco Financing**”). Each Unit will be comprised of one Spinco Share and one-half of one share purchase warrant of Spinco (each whole warrant, a “**Spinco Warrant**”). Each Spinco Warrant will entitle the holder to purchase one Spinco Share at a price of \$0.18 for a period of 24 months from the date of issuance.

Completion of the Arrangement is subject to a number of conditions including conditional approval of the Arrangement by the CSE and approval of the Superior Court of Québec. There is no assurance that the Arrangement will be completed. An application for the listing of Spinco on CSE has been filed, however, listing is subject to CSE final acceptance.

About Canadian Metals Inc.

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

For more information, please contact:

Stéphane Leblanc
President and CEO

Website: www.canadianmetalsinc.com

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

Forward-Looking Information

This press release includes certain “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of applicable Canadian securities laws. All statements other than statements of historical fact included herein including, without limitation, statements relating to the future operating or financial performance of the Corporation, are forward-looking statements.

Forward-looking statements are generally, but not always, identified by words such as “expects”, “anticipates”, “believes”, “intends”, “estimates”, “potential”, “possible”, “plans” and similar expressions, or statements that events, conditions, or results “will”, “may”, “could”, or “should” occur or be achieved. Forward-looking statements in this press release relate to, among other things: completion of the Arrangement, completion of the Spinco Financing, receipt of any required shareholder, court, stock exchange and regulatory approvals for

the Arrangement, timing of disclosure of additional details concerning the Arrangement and listing of the Spinco Shares on the CSE. Although CME believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct or accurate, and actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements reflect the beliefs, opinions and projections on the date the statements are made and are based upon a number of assumptions and estimates that, while considered reasonable by the respective parties, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements and the parties have made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: receipt of all required shareholder, court, stock exchange and regulatory approvals for the Arrangement; changes in the value of the Lac Chesnaye property; sufficient market interest to complete the Spinco Financing; fluctuations in the securities markets and the market price of the Corporation's common shares and applicable CSE approval for listing of the Spinco Shares. Readers should not place undue reliance on the forward-looking statements and information contained in this press release. The statements in this press release are made as of the date of this release. Except as required by law, the Corporation expressly disclaims any obligation and does not intend to update any forward-looking statements or forward-looking information in this press release.