



CANADIAN METALS INC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JANUARY 31, 2023

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Notice of No Auditor Review

The accompanying unaudited condensed interim financial statements were prepared by management and approved by the Audit Committee and the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

CANADIAN METALS INC.

Condensed Interim Consolidated Statements of Financial Position

As at January 31, 2023 and July 31, 2022

(in Canadian dollars)

	Note	31-Jan 2023	July 31, 2022
		\$	\$
Assets			
Current assets:			
Cash		2,869,795	929,663
Accounts receivable	6	42,309	33,205
Share subscription receivable	12	39,500	125,025
Advances to a related company		34,867	34,867
Prepaid expenses		7,654	3,019
Current portion of balance of purchase price receivable	7	545,363	462,074
Total current assets		3,539,487	1,587,853
Non-current assets:			
Mining properties	8	8,684,073	8,672,774
Exploration and evaluation assets	9	1,334,350	1,029,067
Balance of purchase price receivable	7	193,632	375,838
Total non-current assets		10,212,055	10,077,679
Total assets		13,751,542	11,665,532
Liabilities and Equity			
Current liabilities:			
Trade accounts payable and accrued liabilities		427,175	404,280
Grants refundable		337,320	337,320
Flow-through share liability	11	94,562	12,473
Current portion of convertible debentures	10	272,682	231,037
Total current liabilities		1,131,738	985,109
Non-current liabilities:			
Convertible debentures	10	744,304	781,778
Total non-current liabilities		744,304	781,778
Total liabilities		1,876,042	1,766,887
Equity:			
Share capital	11	18,615,220	17,640,824
Warrants	11	2,086,163.87	924,554.02
Share options	11	425,915.16	435,175.16
Equity component of the convertible debentures	11	562,455	562,455
Contributed surplus		3,280,832.84	3,128,626
Deficit		-13,095,087	-12,792,989
Total equity		11,875,499	9,898,645
Total liabilities and equity		13,751,542	11,665,532

Nature of operations and going concern, see Note 2.

The accompanying notes are an integral part of these financial statements.

These financial statements were approved and authorized for issue by the Board of Directors on March 29, 2023.

(S) Maxime Lemieux
Director

(S) Michel Gagnon
Director and Chairman

CANADIAN METALS INC.

Condensed Interim Consolidated Statements of Comprehensive Loss

Six-month periods ended January 31, 2023 and 2022

(in Canadian dollars)

	Note	Three month period ended		Six month period ended	
		Jan 31, 2023	Jan 31, 2022	Jan 31, 2023	Jan 31, 2022
		\$	\$	\$	\$
General and administrative expenses:					
Professional fees		31,319	52,210	80,299	136,275
Management and consulting fees		27,000	147,498	188,000	304,996
Registration, listing fees and shareholders information		7,390	27,617	13,429	37,592
Insurance and office expenses		4,999	5,875	13,909	11,914
Travel and promotion		-	433	-	545
General exploration expenses (recovery)		-	(1,730)	-	(1,730)
Loss from operating activities		246,657	405,527	295,636	489,592
Finance income	7	(63,745)	(15,815)	(95,394)	(33,833)
Finance expense	11	50,739	53,584	101,856	104,269
Total net finance expense (income)		(13,006)	37,769	6,462	70,436
Loss before income taxes		57,702	269,672	302,098	560,028
Net loss and comprehensive loss		57,702	269,672	302,098	560,028
Weighted average number of common shares outstanding		106,244,846	73,309,794	92,055,937	73,309,794
Basic and diluted loss per share		0.001	0.004	0.003	0.008

The accompanying notes are an integral part of these financial statements.

CANADIAN METALS INC.

Condensed Interim Consolidated Statements of Changes in Equity

Six-month periods ended January 31, 2023 and 2022

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Warrants	Share options	Equity component of the convertible debentures	Contributed surplus	Deficit	Total equity
			\$	\$	\$	\$	\$	\$	\$
Balance as at July 31, 2022		77,007,094	17,640,824	924,554	435,175	562,455	3,128,626	(12,792,989)	9,898,645
Shares issued:									
Private placements	11	27,808,252	878,741	-	-	-	-	-	878,741
Flow-through shares	11	51,305,665	1,539,170						1,539,170
Share issuance costs for private placement			(66,337)						(66,337)
Share issuance costs for flow through shares			(72,655)						(72,655)
Warrants issued	11		(1,304,523)	1,304,591					69
Issuance costs for warrants		-	-	(34)	-	-	-	-	(34)
Warrants expired	11	-	-	(142,947)	-	-	142,947	-	-
Share options expired		-	-	-	(9,260)	-	9,260	-	-
Net loss and comprehensive loss for the year		-	-	-	-	-	-	(302,098)	(302,098)
Balance as at January 31, 2023		156,121,011	18,615,220	2,086,164	425,915	562,455	3,280,833	(13,095,087)	11,875,499
Balance as at July 31, 2021		73,309,794	17,323,393	861,624	248,175	562,455	3,472,627	-11,705,286	10,762,988
Shares issued:									
As spin-off of Lac La Chesnaye Project	6			-	-	-	(344,000)	-	(344,000)
Net loss and comprehensive loss for the year		-	-	-	-	-	-	(560,028)	(560,028)
Balance as at January 31, 2022		73,309,794	17,323,393	861,624	248,175	562,455	3,128,627	-12,265,314	9,858,960

The accompanying notes are an integral part of these financial statements.

CANADIAN METALS INC.

Condensed Interim Consolidated Statements of Cash Flows

Six-month periods ended January 31, 2023 and 2022

(in Canadian dollars)

	Note	Three months ended		Six months ended	
		January 31 2023	January 31 2022	January 31 2023	January 31 2022
Operating activities:		\$	\$	\$	\$
Net loss		(57,702)	(271,402)	(302,098)	(560,028)
Adjustments for:					
Effective interest costs on convertible debentures	11	50,527	53,584	101,326	104,269
Effective interest income on balance of purchase price receivable	8	(63,745)	(15,815)	(95,394)	(33,833)
Operating activities before changes in working capital items		(70,920)	(233,633)	(296,166)	(489,592)
Change in accounts receivable	7	13,796	95,578	(9,104)	65,737
Change in prepaid expenses		4,301	4,970	(4,634)	9,668
Change in trade accounts payable and accrued liabilities		117,716	(655)	60,087	(233,804)
Change in advances to related company		-	-	-	(5,039)
		135,813	99,893	46,349	(163,438)
Cash flows used for operating activities		64,894	(133,740)	(249,817)	(653,030)
Financing activities:					
Proceeds from issuance of shares and units		2,451,015	-	2,476,040	-
Share issuance costs		(29,473)	-	(29,473)	-
Cash flows provided from (used for) financing activities		2,421,542	-	2,446,567	-
Investing activities:					
Repayment of convertible debentures	11	(59,930)	(86,401)	(97,155)	(116,661)
Proceeds from balance of purchase price receivable	8	119,862	103,987	194,311	172,796
Tax credits applied against exploration and evaluation assets		-	-	-	1,730
Government grants applied against exploration and evaluation assets	10	1,600		9,600	
Acquisition of mining properties	9	(11,028)		(11,299)	
Increase in exploration and evaluation assets	10	(272,568)	(356,279)	(352,075)	(397,295)
Cash flows provided from investing activities		(222,065)	(338,693)	(256,618)	(339,430)
Net change in cash		2,264,371	(472,433)	1,940,132	(992,460)
Cash, beginning of year		605,425	1,714,022	929,663	2,234,048
Cash, end of year		2,869,795	1,241,589	2,869,795	1,241,588

Supplementary information		\$	\$
Dec 29 2022	Pvt Placement - units	704,038	704,038
Dec 29 2022	Pvt Placement - Flow Through Shares	1,621,259	1,621,259
Jan 11 2023	Pvt Placement - units	174,702	174,702
		2,500,000	2,500,000
	Finder Fees paid by McMillan	(109,484)	(109,484)
	Change in Share subscription receivable	60,500	85,525
	Proceeds from issuance of shares and units	2,451,015	2,476,040
	Finders' fees paid by the Company	5,775	5,775
	Legal Fees	23,698	23,698
	Total adjustment to Capital	29,473	29,473

The accompanying notes are an integral part of these financial statements.

CANADIAN METALS INC.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Six-month period ended January 31, 2023 and year ended July 31, 2022

(in Canadian dollars)

1. Statutes of incorporation and nature of activities:

Canadian Metals Inc. (the "Company" or "Canadian Metals" or "CME") is a company domiciled in Canada. Canadian Metals was incorporated on August 17, 2012 under the *Québec Business Companies Act*. Canadian Metals is a public company listed on the Canadian Securities Exchange ("CSE") and its trading symbol is "CME".

The Company's head office, which is also the main establishment, is located at 2700-1000 rue Sherbrooke (O), Montreal, Quebec H3H 3G4.

The Company specializes in the acquisition, exploration, evaluation and development of mineral properties in Quebec and New Brunswick.

2. Nature of operations and going concern:

The Company has not yet determined whether its mining properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mining properties and exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development work of its mining properties, and upon future profitable production or proceeds from the disposal of mining properties.

Although management has taken actions to verify the ownership rights for mining properties in which the Company owns an interest and in accordance with industry standards for the current exploration phase of these properties, these procedures give no assurance to the Company as to title. The title to a mining property may be subject to unrecognized prior agreements and not compliant with regulatory requirements.

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

As at January 31, 2023, the Company has working capital of \$2,449,393 including cash and cash equivalents of \$2,869,795 and a cumulative deficit of \$13,095,087 and incurred a loss of \$302,098 during the six months then ended. Management does not believe it has sufficient funds to pay its ongoing general and administrative expenses, to pursue its budgeted exploration and evaluation expenditures, and to meet its liabilities, obligations and existing commitments for the ensuing twelve months as they fall due. These circumstances indicate the existence of material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of IFRS applicable to a going concern. These consolidated 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.

To continue the Company's exploration and evaluation programs on its properties and its operations, the Company will need to raise additional funds through the issuance of new equity instruments, the selling of mineral properties and the search for partners to sign option agreements on certain of its mineral properties. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms that are acceptable to the Company.

The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future.

3. Basis of preparation:

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended July 31, 2021, which have been prepared in accordance with IFRS as issued by the IASB.

The unaudited condensed interim consolidated financial statements for the reporting period ended January 31, 2023 (including comparatives) were approved and authorized for issue by the Board of Directors on March 29, 2023.

CANADIAN METALS INC.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Six-month period ended January 31, 2023 and year ended July 31, 2022

(in Canadian dollars)

3. Basis of preparation (Continued):

3.1 Basis of measurement:

These unaudited and unreviewed condensed interim financial statements have been prepared on the historical cost basis except for certain assets at fair value.

3.2 Consolidation:

The financial statements include the accounts of the Company and those of its subsidiary owned at 100%, Target Minerals Inc. The Company controls an entity when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns, through its power over the entity. Target Minerals Inc. is fully consolidated from the date on which control was obtained by the Company and is deconsolidated from the date that control ceases. All intercompany accounts and transactions are eliminated.

Management determines its ability to exercise control over an entity by looking at its percentage interest and other qualitative factors including but not limited to its voting rights, representation on the board of directors, participation in policy-making processes, material transactions between the Company and the associate, interchange of managerial personnel, provision of essential technical information and operating involvement. Considering these factors, the Company is considered to have control over Target Minerals Inc.

3.3 Functional and presentation currency:

These unaudited and unreviewed condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

4. Significant accounting policies:

These condensed interim financial statements were prepared in accordance with standard IAS 34 – Interim Financial Reporting and do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). They, however, include specific complimentary notes in order to provide information necessary to assess the financial situation of the Company at period end since its last annual financial statements dated July 31, 2022.

The accounting policies used to prepare these condensed interim unaudited financial statements are those described in the Company's audited financial statements for the year ended July 31, 2022, and have been applied throughout the period unless otherwise stated.

5. Critical accounting judgments and key sources of estimation uncertainty:

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

6. Non-current assets held for distribution:

On June 17, 2021, the Company entered into an arrangement agreement with QNB Metals Inc. (QNB), for the spinout of the Lac La Chesnaye Property owned by the Company. According to the agreement, the Lac La Chesnaye Property was to be spun out to QNB in exchange for the issuance of 4,300,000 Class A common shares of QNB to the Company. In accordance with the terms of the arrangement agreement, the Company was to then proceed with a reorganization of its share capital and distribute such QNB shares to the shareholders of the Company. The transaction was completed on September 9, 2021. Thus, pursuant to IFRS 5, the Lac La Chesnaye Property was classified as Non-current assets held for distribution at July 31, 2021. The fair value of the transaction was valued @ \$0.08 per share or \$344,000.

	July 31, 2021
	\$
Mining properties (Note 11b)	428,153
Exploration and evaluation assets	109,116
Carrying value	537,269

On September 9, 2021, the Company spun out its Lac La Chesnaye Property located in Quebec in exchange of 4,299,961 common shares of QNB Metals Inc., for a fair value of \$344,000. As a result, each shareholder has received such number of shares of QNB Metals Inc. equal to the number of the Company's shares held by such shareholder on September 8, 2021 multiplied by 0.05866. On September 9, 2021, the amount of \$344,000 was transferred to Contributed Surplus.

CANADIAN METALS INC.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Six-month period ended January 31, 2023 and year ended July 31, 2022

(in Canadian dollars)

6. Accounts receivable:

	January 31, 2023	July 31, 2022
	\$	\$
Sales tax receivable	42,309	33,205
Accounts receivable	-	-
	42,309	33,205

7. Purchase price receivable:

On September 16, 2013, the Company acquired the mining rights on the Langis Property located in Matane area (Québec). It is subject to a 3% NSR Royalty.

On May 1, 2019, the Company sold all its rights, titles and interests in the property, in exchange of a long-term quartz price lock-in supply agreement (LTA) and \$2,250,000. The Disposition provided the Company with \$2,250,000, where \$500,000 was paid at closing and staged cash payments totaling \$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; (condition fulfilled) (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. The LTA meeting its 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.

Balance of purchase price receivable

The purchase price receivable of \$2,250,000 does not bear interest and has been discounted using 6.86% reflecting the estimated credit risk of the buyer and collateral against the balance of purchase price at time of disposal.

	January 31, 2023	July 31, 2022
		\$
Balance at the beginning	837,912	1,023,615
Effective interest income	95,394	50,020
Reimbursement	(194,311)	-235,723
Balance end of year	738,995	837,912
Current portion	545,363	462,074
Non-current portion	193,632	375,838

8. Mining properties:

Mining properties can be detailed as follows:

	Interest	July 31, 2021	Acquisition / Adjustment during the year ended Jul 31, 2022	July 31, 2022	Acquisition / Adjustment during the 6 months ended January 31, 2022	January 31, 2023
	%	\$	\$	\$	\$	\$
New Brunswick						
Blackshale ^(d)	100	840,866	1,911	842,777	-	842,777
Mountain Brook ^(d)	100	715,900	1,390	717,290	-	717,290
TV Tower ^(d)	100	272,954	-	272,954	-	272,954
Frenette ^(f)	100	10,180	-	10,180	-	10,180
Oxford Brook ^(g)	100	240,178	5,070	245,248	-	245,248
Nicholas-Denys ^(h)	100	6,065,422	19,560	6,084,982	-	6,084,982
Goldstrike and Millstream Gold ⁽ⁱ⁾	100	403,353	95,990	499,343	11,299	510,642
		8,548,853	123,921	8,672,774	11,299	8,684,073

CANADIAN METALS INC.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Six-month period ended January 31, 2023 and year ended July 31, 2022

(in Canadian dollars)

8. Mining properties (Continued):

d) TV Tower Property, Mountain Brook Property and Blackshale Property (zinc):

On March 16, 2018, the Company entered into an option agreement with NBZINC Inc., over which a company controlled by an officer and a director of the Company exercises a significant influence, to acquire an undivided 100% interest in the three following properties located in New Brunswick: TV Tower, Mountain Brook and Blackshale properties. The Blackshale Property is composed of 166 claims covering approximately 5,479 hectares, the Mountain Brook Property is composed of 139 claims covering approximately 4,233 hectares and the TV Tower Property is composed in 53 claims covering approximately 1,157 hectares. The claims are subject to a 2% NSR.

The Company shall be required to make a payment of US\$4,000,000 for each of the three properties for which it has acquired 100% of undivided interests, provided that the Company has made a public disclosure of a mineral resource estimate of 1,000,000 ounces of gold or gold-equivalent resources in the aggregate and in any and all categories for such property, for a total possible maximum payment of US\$12,000,000 for all three properties.

e) Silicate Brutus, Seignelay, Lac Robot, Baie-Trinité and Mouchalagane Properties:

On February 26, 2019, the Company entered into a related party subscription agreement with FeTiV Minerals Inc. ("FeTiV") to acquire a direct 20% interest in the Silicate Brutus, Seignelay, Lac Robot, Baie-Trinité and Mouchalagane properties for a consideration of \$440,000, subject to a 2% NSR.

During the year ended July 31, 2021, the Company wrote down to \$Nil the cost of the Silicate Brutus, Seignelay, Lac Robot, Baie-Trinité and Mouchalagane properties, as it no longer fits the Company's development strategy. Consequently, an impairment loss of \$42,175 on mining properties and \$25,780 on exploration and evaluation assets was recorded in net earnings.

f) Frenette Property (zinc):

On April 3, 2019 the Company 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 issued 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 (condition fulfilled); and
- 30,000 Shares at \$0.055 per share for a total value of \$1,650 on April 3, 2020 (condition fulfilled);

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

g) Oxford Brook Property (zinc):

On July 27, 2021 the Company completed the acquisition of Target Minerals Inc. for the acquisition of a 100% interest in 189 units located in Northwestern New-Brunswick in the Restigouche County. The value allocated to the property was \$240,178. The property is subject to a 2% NSR Royalty. (See Note 6)

h) Nicholas-Denys Property (polymetallic):

On July 27, 2021 the Company completed the acquisition of Target Minerals Inc. for the acquisition of a 100% interest in 356 units located in Northern New-Brunswick. The value allocated to the property was \$6,065,422. The property is subject to a 5% NSR Royalty, half of which is redeemable for \$1,000,000, a 3% NSR Royalty, half of which is redeemable for \$1,750,000 and an additional 1% NSR Royalty, half of which is redeemable for \$1,000,000. (See Note 6)

i) Goldstrike and Millstream Gold Property (gold-silver):

On July 27, 2021 the Company completed the acquisition of Target Minerals Inc. for the acquisition of a 100% interest in 208 units located in Northern New-Brunswick. The value allocated to the property was \$403,353. The property is subject to a 2% NSR Royalty, half of which is redeemable for \$1,000,000. (See Note 6)

CANADIAN METALS INC.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Six-month period ended January 31, 2023 and year ended July 31, 2022

(in Canadian dollars)

9. Exploration and evaluation assets:

Exploration and evaluation assets by properties are detailed as follows:

	July 31, 2021	Exploration costs	Grant	July 31, 2022	Exploration costs	Grant	January 31, 2023
	\$	\$	\$	\$	\$	\$	\$
New Brunswick							
Blackshale	57,586	120,046	-	177,632	-	-	177,632
Mountain Brook	27,195	65,394	(15,000)	77,589	-	-	77,589
TV Tower	379,876	-	-	379,876	-	-	379,876
Frenette	8,050	-	-	8,050	-	-	8,050
Oxford Brook	-	23,332	8,000	31,332	-	-	31,332
Nicholas Denys	-	114,950	-	114,950	314,883	(9,600)	420,233
Goldstrike & Millstream	-	239,638	-	239,638	-	-	239,638
	472,707	563,360	(7,000)	1,029,067	314,883	(9,600)	1,334,350

10. Convertible debentures:

	31-Jan 2023	31-Jul 2022
	\$	\$
Convertible debentures bearing interest at 3% payable annually and maturing in March 2025. ^(a)	1,016,986	1,012,814
Current portion of convertible debentures	272,682	231,037
Non-current portion of convertible debentures	744,304	781,777
<i>(a) Debentures from related parties:</i>		
Directors	3,000	3,000
Company under control of a director	9,000	9,000
Company under control of an officer	12,600	12,600
	24,600	24,600

The changes in the Company's liabilities arising from financing activities are as follows:

	31-Jan 2023	31-Jul 2022
Balance at the beginning	1,012,814	1,005,018
Cash flows		
Reimbursement	-	(148,125)
Interest paid	(97,155)	(46,470)
Non-Cash:		
Effective interest costs on convertible debentures	21,318	44,824
Effective interest costs on convertible debentures	80,008	157,567
Balance end of year	1,016,986	1,012,814

On December 18, 2020, the Company announced that all outstanding debentures have been exchanged for new debentures in the same principal amount of \$1,675,000. The new debentures have an issue price of \$1,000 per new debentures, mature on March 31, 2025, bear interest at 3% per annum, payable on March 31 of each year, which interest may, at the option of the Company, be settled in common shares. The principal amount of the new debentures can be convertible into common shares of the Company at the price of \$0.40 per conversion share. Fifty percent (50%) of the amount that the Company receives from Les Minéraux Industriels du Québec Inc. will be used to reduce the principal amount of the new debentures. As this was an exchange of debentures, the Company recorded a gain of \$355,699 on the exchange date, considering the book value of exchanged debentures and the fair value of the liability component of the new debentures issued as the exchanged debentures are substantially different from the old debentures and the transaction must be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. On recognition, the liability component was measured using an effective interest rate of 22%, corresponding to the estimated market rate the Company would have received for a similar financing without the conversion right.

CANADIAN METALS INC.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Six-month period ended January 31, 2023 and year ended July 31, 2022

(in Canadian dollars)

11. Share capital, warrants and options:

11.1 Share capital:

2022:

In April 2022, the Company issued 500,000 common shares as consideration for acquiring a claim adjoining to the new LG discovery at its Gold Strike Project. Pursuant to the terms and conditions of the option, the Company issued 500,000 common shares of the Company and a cash payment of \$35,000. The Company valued the shares at a fair market value of \$0.10 or \$50,000.

On July 25, 2022, the Company completed a non-brokered private placement pursuant to which it has issued 1,950,000 units of the Corporation (each a "Unit") at a price of \$0.10 per Unit for a gross proceeds of \$195,000. Each Unit being comprised of one (1) Share and one-half of one (1/2) Share purchase warrant, each whole warrant entitling the holder thereof to acquire one (1) additional Share at a price of \$0.20 per Share for a period of 24 months from the closing date. Fair value of these warrants was estimated to be \$58,500 using Black-Scholes pricing model.

Also on July 25, 2022, the Company completed a private placement pursuant to which it has issued 1,247,300 common shares of the Corporation (each a "Share"), issued on a flow-through basis, at a price of \$0.13 per Share for a gross proceeds of \$162,149. The difference between the nominal value of the shares issued and the market value of the shares as on the date of issue has been transferred to "Flow-through share liability" account amounting to \$12,473. The Corporation paid finder fee of \$9,599 in cash and issued 73,836 non-transferable Finder's warrants entitling the holder thereof to purchase one (1) Share at an exercise price of \$0.20 per Share for a period of 24 months from the closing date.

Fair value of these warrants was estimated to be \$4,430 using Black-Scholes pricing model.

On Dec 29, 2022, the Company completed a non-brokered private placement pursuant to which it has issued 22,279,696 units of the Corporation (each a "Unit") at a price of \$0.0316 per Unit for a gross proceeds of \$704,038.39. Each Unit being comprised of one (1) Share and one (1) Share purchase warrant, each whole warrant entitling the holder thereof to acquire one (1) additional Share at a price of \$0.048 per Share for a period of 24 months from the closing date. Fair value of these warrants was estimated to be \$356,475 using Black-Scholes pricing model.

Also on Dec 29, 2022, the Company completed a private placement pursuant to which it has issued 51,305,665 Flow Through Units of the Corporation (each a "FT Unit") at a price of \$0.0316 per FT Unit for a gross proceeds of \$1,621,259. Each Unit being comprised of one (1) Share and one (1) Share purchase warrant, each whole warrant entitling the holder thereof to acquire one (1) additional Share at a price of \$0.048 per Share for a period of 24 months from the closing date. The difference between the nominal value of the shares issued and the market value of the shares as on the date of issue has been transferred to "Flow-through share liability" account amounting to \$82,089. Fair value of these warrants was estimated to be \$820,891 using Black-Scholes pricing model.

On Jan 11, 2023, the Company completed a non-brokered private placement pursuant to which it has issued 5,528,556 units of the Corporation (each a "Unit") at a price of \$0.0316 per Unit for a gross proceeds of \$704,038.39. Each Unit being comprised of one (1) Share and one (1) Share purchase warrant, each whole warrant entitling the holder thereof to acquire one (1) additional Share at a price of \$0.048 per Share for a period of 24 months from the closing date. Fair value of these warrants was estimated to be \$127,157 using Black-Scholes pricing model.

In respect of the share issuance in December 2022 and January 2023, the Corporation paid finder fee of \$115,260 in cash and issued 2,143 non-transferable Finder's warrants (Fair Value: \$34) entitling the holder thereof to purchase one (1) Share at an exercise price of \$0.048 per Share for a period of 24 months from the closing date.

11.2 Warrants:

During the six months ended January 31, 2023, 4,375,000 warrants were expired and consequently an amount of \$142,947 has been credited to the contributed surplus account with a corresponding reduction in the warrant reserve. The changes to the number of outstanding warrants granted by the Company and their weighted average exercise price are as follows:

	January 31, 2023		July 31, 2022	
	Number of outstanding warrants	Weighted average exercise price	Number of outstanding warrants	Weighted average exercise price
Outstanding at beginning	19,488,336	0.19	18,439,500	\$ 0.19
Granted	791,606	0.048	1,048,836	0.20
Expired	(4,375,000)	(0.15)	-	-
Outstanding at end	94,229,396	0.09	19,488,336	0.19

CANADIAN METALS INC.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Six-month period ended January 31, 2023 and year ended July 31, 2022

(in Canadian dollars)

11. Share capital, warrants and options (continued):

11.2 Warrants(Continued):

The following table provides outstanding warrants information as at January 31, 2023:

Expiry date	Outstanding warrants		
	Number of outstanding warrants	Exercise price	Remaining life
		\$	(years)
19-Feb-23	13,714,500	0.15	0.05
28-Nov-23	350,000	1.15	0.82
22-Jul-24	1,048,836	2.15	1.47
29-Dec-24	73,585,361	0.048	1.91
11-Jan-25	5,530,699	0.048	1.95
	94,229,396	0.09	1.63

11.3 Share option plan:

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

	January 31, 2023		July 31, 2022	
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		\$		\$
Outstanding at beginning	1,965,000	1.43	265,000	1.38
Issued			1,700,000	0.20
Expired	-20,000	-0.75		
Forfeited				
Outstanding at end	1,945,000	1.45	1,965,000	0.36
Exercisable at end	1,945,000	1.43	1,965,000	1.43

The following table provides outstanding share options information as at January 31, 2023:

Expiry date	Share options outstanding			
	Number of granted share options	Number of exercisable share options	Exercise price	Remaining life
				(years)
February 5, 2023	35,000	35,000	1.40	0.01
June 27, 2023	180,000	180,000	1.50	0.40
November 5, 2023	30,000	30,000	1.50	0.76
March 24, 2027	1,700,000	1,700,000	0.20	4.15
	1,945,000	1,945,000	1.43	3.67

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Notes to Condensed Interim Consolidated Financial Statements (continued)

Six-month period ended January 31, 2023 and year ended July 31, 2022

(in Canadian dollars)

12. 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:

	6 months ended January 31, 2023	6 months ended January 31, 2022
	\$	\$
Management and consulting fees	188,000	120,000

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

As at January 31, 2023, trade accounts payable and accrued liabilities include \$40,366 payable to key management personnel. As at July 31, 2022, trade accounts payable and accrued liabilities include \$40,366 payable to key management personnel.

A director of the Company subscribed to 1,250,000 FT Units for a sum of \$39,500. The amount is reflected in Share subscription receivable account as on January 31, 2023.

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.