



CANADIAN METALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Six-month period ended

January 31, 2023

(Second Quarter)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") of Canadian Metals Inc., ("Canadian Metals" or "CME" or the "Company") provides information that management believes is relevant to the assessment and understanding of the Company's results of operation and financial condition for the six-month period ended January 31, 2023.

This MD&A complements the condensed interim unaudited financial statements for the six-month period ended January 31, 2023 which were prepared in accordance with the 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*. This MD&A should be read in conjunction with the Company's audited financial statements and corresponding notes for the year ended July 31, 2022 and related MD&A. This MD&A is prepared as at March 29, 2023.

The unaudited condensed interim financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Board of Directors on March 29, 2023.

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".

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 – INCLUDING SUBSEQUENT EVENTS:

• **Board of Directors - Management:**

- During August 2022, Mr. Yves Rougerie resigned as a Director of the Company.
- Mr. Stephane Leblanc was replaced by Mr. Beat Frei as the Interim President and CEO in August 2022

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 Gaspé peninsula of Quebec.

The property is located 2.5 kilometres west of the Langis Property owned by the Company.

Historical work done on the Colline Tortue Property consists of mapping sampling and diamond drilling. The historical diamond drilling was conducted by Uniquartz Inc. in 1983. The quartzite of the Val Brillant formation was intercepted with thickness of over 80 metres and remains open at depth and along strike. According to historical documents from Uniquartz and MERN (Ministry of Energy and Natural Resource of Quebec) data, the Val Brillant formation is subhorizontal, dipping up to 13 degrees. It appears as a large band approximately 450 metres wide and has a minimum strike length of 1,700 metres: with potential length of 3,300 metres within the property's boundaries. The property was fully impaired as at October.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MINING PROPERTIES – DESCRIPTION (CONTINUED):

The Brunswick Black Shale Property (Continued):

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.

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EXPLORATION HIGHLIGHTS:

NEW BRUNSWICK

Exploration activities for the six-month period ended January 31, 2023

During the six-month period ended January 31, 2023, the Company invested \$305,283 in exploration and evaluation assets (\$385,389 in exploration and evaluation assets for the six-month period ended January 31, 2022).

Exploration and evaluation assets For the six months ended January 31, 2023								
	New Brunswick							Total
	Blackshale	Mountain Brook	TV Tower	Frenette	Oxford Brook	Nicholas Denys	Goldstrike & Millstream	
Exploration and evaluation costs:								
Geology	\$ -	\$ -	\$ -	-	-	-	260,105	260,105
Analysis	-	-	-	-	-	-	54,778	54,778
	-	-	-	-	-	-	314,883	314,883
Other items:								
Grant received	-	-	-	-	-	-	(9,600)	(9,600)
Balance at the beginning	177,632	77,589	379,876	8,050	31,332	114,950	239,638	1,029,067
Balance at the end	177,632	77,589	379,876	8,050	31,332	114,950	544,920	1,334,350

During the three-month period ended January 31, 2023, the Company invested \$305,283 in exploration and evaluation assets (\$180,218 in exploration and evaluation assets for the three-month period ended January 31, 2022).

Exploration and evaluation assets For the three months ended January 31, 2023								
	New Brunswick							Total
	Blackshale	Mountain Brook	TV Tower	Frenette	Oxford Brook	Nicholas Denys	Goldstrike & Millstream	
Exploration and evaluation costs:								
Geology	\$ -	\$ -	\$ -	-	-	-	105,173	105,173
Analysis	-	-	-	-	-	-	52,070	52,070
	-	-	-	-	-	-	157,243	157,243
Other items:								
Grant received	-	-	-	-	-	-	(1,600)	(1,600)
Balance at the beginning	177,632	77,589	379,876	8,050	31,332	114,950	389,278	1,178,707
Balance at the end	177,632	77,589	379,876	8,050	31,332	114,950	544,920	1,334,350

The Company received results of the 42 assays conducted in the LG Discovery Zone of the Nicholas Denys Property, of which 30 samples reported more than 1 g/t Au. The LG Discovery Zone is located 800 meters NE of the Clarinda Zone and 2450 meters SW of the Arleau Zone where high-grade gold samples were collected and assayed during the 2020 exploration and trenching program. Historic bedrock samples grading up to 2.40 g/t Au at Clarinda have been observed in brecciated quartz veins at the contact between the sediments and the altered rhyolite. The contact sediment/rhyolite is hosting most of the high-grade gold samples collected along the Goldstrike Gold Trend (GGT) so far. Also, Silver-Antimony and bismuth mineralization were encountered in the trenches. When added to the geological model, they will be used as high-grade gold pathfinders. The GGT is

MANAGEMENT'S DISCUSSION AND ANALYSIS

EXPLORATION HIGHLIGHTS (Continued):

represented as an altered and brecciated rhyolite unit hosting significant gold showings and occurrences followed by trenching over a strike length of about 3.0 km. The favourable unit (rhyolite) is similar and parallel to the structures hosting the Clarinda and Arleau Zones. The gold bearing quartz veins are mostly perpendicular to the major trend and contain the gold mineralization. The LG Discovery Zone and the surrounding area have never been drilled before.

The Goldstrike property which includes three (3) zones named Clarinda, Arleau and LG Discovery, is covering more than 6580 hectares. The project is located about 40 km NW of Bathurst with full road access and existing road crosscuttings the property. CME is currently focusing its field work on the LG Discovery Zone. These impressive new results together with data and interpretation from initial ground IP and aerial MAG-TDEM survey (close to completion) will lead to the drilling target definition for the first ever 2022/2023 drilling program along the Goldstrike Gold Trend (GGT). The first step is to proceed with a major stripping area on the GGT where the main objective will be to better define and locate the fertile contact between the sediments and rhyolite along the GGT. Also, the district-scale Airborne MAG-TDEM survey (1,352I-km) of the Goldstrike Gold Project is almost finalized and will help define the geophysical signature of gold-bearing rhyolite.

FINANCIAL CONDITION

SELECTED FINANCIAL INFORMATION FOR SIX-MONTHS ENDED JANUARY 31, 2023

The following discussion of the Corporation's financial performance is based on the unaudited Condensed Interim Financial Statements as of January 31, 2023 ("Financial Statements") set forth herein.

Consolidated Statement of Loss and Comprehensive Loss	6 months ended	
	Jan 31, 2023	Jan 31, 2022
	\$	\$
General and administrative expenses:		
Professional fees	80,299	136,275
Management and consulting fees	188,000	304,996
Registration, listing fees and shareholders information	13,429	37,592
Insurance and office expenses	13,909	11,914
Loss from operating activities	295,636	489,592
Finance income	(95,394)	(33,833)
Finance expense	101,856	104,269
Net loss and comprehensive loss	302,098	560,028
Weighted average number of common shares outstanding	92,055,937	73,309,794
Basic and diluted loss per share	0.003	0.008

Consolidated Statement of Cash Flow	6 months ended	
	Jan 31, 2023	Jan 31, 2022
	\$	\$
Cash flows used for operating activities	(249,817)	(653,030)
Cash flows provided from (used for) financing activities	2,446,567	-
Cash flows provided from investing activities	(256,618)	(339,430)
Net change in cash	1,940,132	(992,460)
Cash, beginning of year	929,663	2,234,048
Cash, end of year	2,869,795	1,241,588

MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED FINANCIAL INFORMATION FOR SIX-MONTHS ENDED JANUARY 31, 2023 (CONTINUED)

Consolidated Statement of Financial Position	31-Jan 2023	July 31, 2022
	\$	\$
Cash	2,869,795	929,663
Accounts receivable	42,309	33,205
Share subscription receivable	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	545,363	462,074
Mining properties	8,684,073	8,672,774
Exploration and evaluation assets	1,334,350	1,029,067
Purchase Price Receivable (Including current portion)	738,995	837,912
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	94,562	12,473
Convertible Debentures (Including current portion)	1,016,986	1,012,814
Total liabilities	1,876,042	1,766,887
Equity:		
Share capital	18,615,220	17,640,824
Warrants	2,086,164	924,554
Share options	425,915	435,175
Equity component of the convertible debentures	562,455	562,455
Contributed surplus	3,280,833	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

The basic and diluted loss per share during the six months ended January 31, 2023 is \$0.003 (\$0.008 in the six months ended January 31, 2022). During the six months ended January 31, 2023 the Company realized a net loss and comprehensive loss of \$302,098 as compared to a net loss and comprehensive loss of \$560,028 during the six months ended January 31, 2022 (a decrease of \$257,930). The main reasons behind the increase are:

- a) Decrease in Management and consulting fees by \$116,996, which is a consequence of leaner senior management team during the current period;
- b) Decrease in professional fees by \$55,976 mainly on account of reduced incidence of legal expenses during the current period;
- c) Filing fees and registration fees reduced by \$24,163 which was higher during the previous period due to the various regulatory filings that were required in relation to the Spin-off transaction (of Lac La Chesnaye property) and the acquisition of Target Minerals;

A detailed analysis of the profitability is provided in the next section.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED FINANCIAL INFORMATION FOR NINE-MONTHS ENDED JANUARY 31, 2023 (CONTINUED)

The Financial Statements indicates Cash and Cash Equivalents of \$2,869,795 (July 31, 2022: \$929,663); Accounts Receivable of \$42,309 (July 31, 2022: \$33,205); Share subscription receivable of \$39,500 (July 31, 2022: \$125,025); Advances to related parties amounting to \$34,867 (July 31, 2022: \$34,867); Prepaid Expenses of \$7,654 (July 31, 2022: \$3,019), and Current portion of balance of purchase consideration of \$545,363 (July 31, 2022: \$462,074) resulting in total current assets of \$3,539,487, an increase of \$1,951,634 from July 31, 2022 balance of \$1,587,853.

The non-current assets are comprised of mineral properties of \$8,684,073 which is an increase of \$11,299 from July 31, 2022 balance of \$8,672,774; Exploration and evaluation assets of \$1,334,350, which is an increase of \$305,283 from the July 31, 2022 balance of \$1,029,067; and Balance of the purchase consideration receivable amounting to \$193,632, a decrease of \$182,207 from the July 31, 2022 balance of \$375,838. The total assets are \$13,751,542 which is an increase of \$2,086,010 from July 31, 2022 balance of \$11,665,532.

The Company's current liabilities at January 31, 2023 comprises of its trade accounts payable and accrued liabilities of \$427,175 which is an increase of \$22,895 from July 31, 2022 balance of \$404,280, the Grants refundable balances stayed at the same level of \$337,320; Flow through share liability increased by \$82,089 to \$94,562 from the July 31, 2022 balance of \$12,473; and the current portion of the convertible debentures amounting to \$272,682, an increase of \$41,645 from the July 31, 2022 balance of \$231,037. The long term portion of the convertible debentures stood at \$744,304 as on January 31, 2023 (July 31, 2022: \$781,778).

Equity attributable to shareholders of the Company is \$11,875,499, an increase of \$1,976,854 from July 31, 2022 balance of \$9,898,645, and is comprised of share capital of \$18,615,220 (July 31, 2022: \$17,640,824), Warrants Reserve \$2,086,164 (July 31, 2022: \$924,554), Share options \$425,915 (July 31, 2022: \$435,175), Equity component of the convertible debentures \$562,455 (July 31, 2022: \$562,455), Contributed surplus \$3,280,833 (July 31, 2022: \$3,128,626) less the deficit of \$13,095,087 (July 31, 2022: 12,792,989).

The key movements in the Assets and Liabilities are as follows:

- a) The cash in the Company increased by \$974,396 during the year as explained under "Cash Flows" below;
- b) The balances for Purchase price receivable (short term and long term) reduced by \$98,917 on account recoveries.
- d) Mineral Properties increased by \$11,299 on account renewal of mining claims;
- e) The trade accounts payable and accrued liabilities increased by \$22,895;
- f) Exploration and evaluation assets increased by \$385,389. Details of exploration activities as are follows:

Details of Exploration expenses:

	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

MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED FINANCIAL INFORMATION FOR SIX-MONTHS ENDED JANUARY 31, 2023 (CONTINUED)

Exploration and evaluation assets For the six months ended January 31, 2023								
	New Brunswick							Total
	Blackshale	Mountain Brook	TV Tower	Frenette	Oxford Brook	Nicholas Denys	Goldstrike & Millstream	
Exploration and evaluation costs:								
Geology	-	-	-	-	-	-	260,105	260,105
Analysis	-	-	-	-	-	-	54,778	54,778
	-	-	-	-	-	-	314,883	314,883
Other items:								
Grant received	-	-	-	-	-	-	(9,600)	(9,600)
Balance at the beginning	177,632	77,589	379,876	8,050	31,332	114,950	239,638	1,029,067
Balance at the end	177,632	77,589	379,876	8,050	31,332	114,950	544,920	1,334,350

Statement of Loss and Comprehensive Loss for 6 months ended January 31, 2023:

Consolidated Statement of Loss and Comprehensive Loss	6 months ended		Remarks
	Jan 31,	Jan 31,	
	2023	2022	
	\$	\$	
General and administrative expenses:			
Professional fees	80,299	136,275	Higher incidence of legal fees during the previous year due to various corporate restructuring
Management and consulting fees	188,000	304,996	Lower management fees due to leaner senior management
Registration, listing fees and shareholders information	13,429	37,592	Higher corporate restructuring during the previous year
Insurance and office expenses	13,909	11,914	
Travel and promotion	-	545	
General exploration expenses (recovery)	-	(1,730)	
Loss from operating activities	295,636	489,592	
Finance income	(95,394)	(33,833)	Impact of revaluation of Purchase price receivable
Finance expense	101,856	104,269	
Loss before income taxes	302,098	560,028	

CASH FLOWS AND LIQUIDITY:

As at January 31, 2023 the Company had a working capital of \$2,407,749 (working capital of \$602,743 as at July 31, 2022) and cash of \$2,869,795 (\$929,663 as at July 31, 2022). During the 6 months ended January 31, 2022, the Corporation used \$249,817 (6 months ended January 31, 2022 / Previous Year (PY): \$653,030) of its cash and cash equivalents to meet the Operating Activities i.e., pay its trade and other payables, fund its operations, maintain its listing in the Canadian Stock Exchange (CSE) and pay for the corporate operating expenses. The Company's Investing Activities includes incurring an amount of \$256,618 (PY: a receipt of \$339,430) that included expenditure on exploration activities amounting to \$352,075 (PY: 397,295); repayment of convertible debentures amounting to \$97,155 (PY:116,661) and receipt of purchase price receivable amounting to \$194,311 (PY:\$ 172,796). The Company's Financing Activities proceeds from issuance of shares amounting to \$ 2,446,567 (Previous Year: \$ NIL).

MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED FINANCIAL INFORMATION FOR SIX-MONTHS ENDED JANUARY 31, 2023 (CONTINUED)

SELECTED QUARTERLY FINANCIAL INFORMATION:

Canadian Metals anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarterly 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.

	2023				2022			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
			\$	\$	\$	\$	\$	\$
Statements of loss and comprehensive loss								
Operating expenses	70,708	224,929	121,869	323,415	233,633	255,959	638,716	175,876
Net finance expense (income)	(13,006)	19,468	51,424	30,966	37,769	32,667	40,927	81,909
Net loss (income)	57,702	244,396	173,294	354,381	271,402	288,626	679,643	257,785
Loss per share	0.000543102	0.003	0.002	0.012	0.008	0.004	0.015	0.007
Basic and diluted								

	2023		2022		2021			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
		\$	\$	\$	\$	\$	\$	\$
STATEMENTS OF FINANCIAL POSITION								
Cash	2,869,795	605,425	929,663	1,019,033	1,241,589	1,714,022	2,234,048	2,432,036
Mining properties	8,684,073	8,673,045	8,672,774	8,664,730	8,559,030	8,548,854	8,548,853	2,400,228
Exploration and evaluation assets	1,334,350	1,178,706	1,029,067	946,712	858,096	677,878	472,707	603,460
Total assets	13,751,542	11,455,214	11,665,532	11,582,114	11,672,151	12,180,902	12,822,375	6,618,156
Total liabilities	1,876,042	1,800,965	1,766,887	967,842	1,813,193	2,050,541	2,059,388	1,590,726
Equity	11,875,499	9,654,248	9,898,645	9,775,577	11,672,151	12,180,902	10,762,987	5,027,430

MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED QUARTERLY FINANCIAL INFORMATION (CONTINUED):

The net loss of \$57,702 for Q2-2023 is mostly attributable to management and consulting fees of \$27,000, and professional fees of \$31,319.

The net loss of \$244,396 for Q1-2023 is mostly attributable to management and consulting fees of \$161,000, professional fees of \$48,980 and net finance expenses of \$19,468.

The net loss of \$173,294 for Q4-2022 is mostly attributable to management and consulting fees of \$129,606 and general exploration expenses of \$45,337.

The net loss of \$354,860 for Q3-2022 is mostly attributable to share-based compensation of \$221,000 management and consulting fees of \$78,354, professional fees of \$10,036, net finance expenses of \$30,966; Registration, listing fees, etc., \$7,620 and Insurance and office expenses \$6,623.

The net loss of \$269,672 for Q2-2022 is mostly attributable to management and consulting fees of \$147,498, professional fees of \$52,210, net finance expenses of \$37,769 and Registration, listing fees, etc., \$27,617.

The net loss of \$288,626 for Q1-2022 is mostly attributable to management and consulting fees of \$157,498, professional fees of \$84,065 and net finance expenses of \$32,667.

The net loss of \$679,643 for Q4-2021 is mostly attributable to impairment of non-current assets held for distribution of \$193,269, professional fees of \$192,133, impairment of mining rights of \$132,175 and management and consulting fees of \$124,396.

The net loss of \$257,785 for Q3-2021 is mostly attributable to management and consulting fees of \$100,500, professional fees of \$67,293 and net finance expenses of \$81,909.

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:

Management and consulting fees	6 months ended	6 months ended
	January 31, 2023	January 31, 2022
	\$	\$
Paid to a company owned by the erstwhile CEO	134,000	90,000
Paid to a company owned by the CFO	54,000	54,000
Paid to a company owned by the erstwhile CFO	-	10,000
Paid to a company owned by Head Business Development	-	81,000
Paid to erstwhile VP Geological	-	69,996
Total	188,000	304,996

MANAGEMENT'S DISCUSSION AND ANALYSIS

RELATED PARTY TRANSACTIONS (CONTINUED):

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

Included in Trade accounts payable and accrued liabilities	6 months ended	6 months ended
	January 31, 2023	January 31, 2022
	\$	\$
Due to a company owned by Head Business Development	13,500	13,500
Due to erstwhile VP Geological	26,866	-
Total	40,366	13,500

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.

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.

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

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.

OFF-FINANCIAL POSITION ARRANGEMENTS:

As at January 31, 2023, the Company does not have any off-financial position arrangements.

GOING CONCERN ASSUMPTION:

The accompanying financial statements have been prepared on the basis of the on-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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOING CONCERN ASSUMPTION (CONTINUED):

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.

CHANGES IN 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.

OUTSTANDING SHARE CAPITAL:

DISCLOSURE OF OUTSTANDING SHARE DATA (AS AT JANUARY 31, 2023)	
Outstanding common shares:	103,568,046
Outstanding Flow through shares:	52,552,965
Outstanding share options:	1,945,000
Outstanding warrants:	94,229,396

MANAGEMENT'S DISCUSSION AND ANALYSIS

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	791,160,600	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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

SHARE OPTION PLAN (CONTINUED):

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
February 5, 2023	35,000	35,000	\$ 1.40	(years) 0.27
June 27, 2023	180,000	180,000	1.50	0.65
November 5, 2023	30,000	30,000	1.50	1.01
March 24, 2027	1,700,000	1,700,000	0.20	4.40
	1,945,000	1,945,000	1.43	3.92

USE OF ESTIMATES AND JUDGEMENTS: CRITICAL ESTIMATES:

The preparation of the financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 3 of the Company's annual audited financial statements for the year ended July 31, 2022 for a more detailed discussion of the critical accounting estimates and judgments.

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.

Credit risk of cash and is considered negligible, since the counterparty is a reputable bank with excellent external credit rating.

None of the Company's financial assets is secured by collateral or other credit enhancements.

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).

MANAGEMENT'S DISCUSSION AND ANALYSIS

RISK AND UNCERTAINTIES (CONTINUED):

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

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, 2022, no claim will need to be renewed for a negligible amount and will not require additional exploration expenditures because the Company has met the requirement.

According to the mining law and regulations of the Province of New Brunswick, to renew its claims, the Company must incur a minimum of exploration expenditures and must pay the New Brunswick 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, 2022, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RISK AND UNCERTAINTIES (CONTINUED):

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RISK AND UNCERTAINTIES (CONTINUED)

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.

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).

MANAGEMENT'S DISCUSSION AND ANALYSIS

CERTIFICATION OF INTERIM FILINGS:

The President and the Chief Financial Officer have signed the Basic Certifications of Interim 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 interim filings.

- The President and the Chief Financial Officer confirm to have reviewed the interim financial report and the interim MD&A (together, the "interim filings") of the Company for the six-month period ended January 31, 2023.
- Based on their knowledge, having exercised reasonable diligence, the President and the Chief Financial Officer confirm that the interim 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 interim filings.
- Based on their knowledge, having exercised reasonable diligence, the President and the Chief Financial Officer confirm that the interim financial report together with the other financial information included in the interim 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 interim filings.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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) and on the Company's web site www.canadianmetalsinc.com.

Officers

Michel Gagnon
Chairman

Beat Frei

Interim President and CEO

Arnab De
CFO

Directors

Michel Gagnon (Audit chair)

Maxime Lemieux

Guy Simard

Patrick Moryoussef

Transfer agent

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Auditor

PwC

Montréal (Quebec)