CANADA STRATEGIC METALS

(an exploration company)

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended January 31, 2014

This management discussion and analysis (”MD&A”) of Canada Strategic Metals (“Canada Strategic” or the “Company”) complies with Rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure.

The MD&A is a narrative explanation, through the eyes of the management of Canada Strategic, of how the Company performed during the year ended January 31, 2014, and of the Company’s financial condition and future prospects. This discussion and analysis supplements, but does not form part of, the audited financial statements for the year ended January 31, 2014. It reports on the Company’s performance for the year ended January 31, 2014, and should therefore be read in conjunction with the audited financial statements as at January 31, 2014 and the notes thereto. This review was prepared by management with information available as at the date of the MD&A.

These unaudited condensed interim financial statements have been prepared by the Company's management in accordance with International Financial Reporting Standards ("IFRS"), and in accordance with IAS 34 "Interim Financial Reporting".

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 Canada Strategic are listed on the TSX Venture Exchange under the symbol CJC, on the OTC Bulletin Board under the symbol CJCFF and on the Frankfurt Exchange under the symbol YXEN.

DATE

The MD&A was prepared on the basis of information available as at May 28, 2014.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect the Company's current expectations regarding future events. 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". Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. There are many factors that could cause such differences, particularly: 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; failure to obtain the necessary permits and approvals from government authorities; and other development and operating risks.

While the Company believes that the assumptions underlying in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether or not it should be revised because of new information, future events or otherwise, unless required to do so by the applicable securities laws.

NATURE OF ACTIVITIES

Canada Strategic is incorporated under the Canada Business Corporations Act. The Company was involved in the acquisition, exploration and development of mining properties. The Company is active in Canada.

OVERALL PERFORMANCE

RESULTS OF OPERATIONS

GOELAND RARE EARTH – RARE EARTH PROJECT

Property Description

The Goeland rare earth property is located 215 km north of Val-d'Or in the Abitibi region of Quebec. The Goeland rare earth property consists of 2 large blocks and 2 single claims of 47 minerals claims totaling 2 610.79 hectares (26.11 km^2) adjacent to the Montviel Carbonatite Complex. Historic exploration at Montviel has revealed strong potential for rare earth element ("REE"), niobium and phosphate mineralization.

The Montviel Carbonatite Complex encompasses six main geological units: Pmtv 1 through 6. To date, almost all of the anomalous REE, niobium and phosphate values have been encountered within Pmtv 5, which is composed of ferrocarbonatite, apatite-bearing ferrocarbonatite, silicocarbonatite, and pyrrhotite-bearing calciocarbonatite.

The Goeland Property is easily accessible via a network of logging roads. The principal exploration target for the property is carbonatite hosted REE mineralization.

Work done during the year

During the last quarter, the Company decided to not renew the claims and proceed to write-off of Goeland property to focus its energies and capital on its most promising properties.

LAC DES ILES WEST – GRAPHITE PROJECT

Property Description

The Lac des Iles West property consists of 1 large contiguous block of 104 mineral claims totaling 5,601.30 hectares (56.01 km^2 that borders the western limit of the Timcal Lac Des Îles graphite mine close to the town of Mont-Laurier, 150 km northwest of Montréal in southern Québec.

Work done during the year

No exploration work was carried out on the property during the period covered by this MD&A.

CHAMPAGNE – GRAPHITE PROJECT

Property Description

The Champagne property group consists 1 large contiguous block of 88 mineral claims totaling 4,872.76 hectares (48.73 km^2) located approximately 120 km north of Baie-Comeau, Quebec.

Work done during the year

On April 16, 2013 the Company announced that it has received graphite grab and channel sample assay results derived from the Company's recent sampling program on the Champagne and Grand Prix properties. The sampling program has confirmed presence of graphite bearing structures in many areas of the properties. Best assays are show in the table below*.

Champagne grab samples:

Sample No	Graphite %
115311	0.91

Sample No	Graphite %
115312	0.64

Sample No	Graphite %
115313	1.00

Sample No	Graphite %
115314	0.77

Sample No	Graphite %
115315	2.05

*Grab samples are selective by nature and are unlikely to represent the average grade of a deposit.

During the last quarter, the Company decided to not renew the claims and proceed to write-off of Champagne property to focus its energies and capital on its most promising properties.

LA LOUTRE – GRAPHITE PROJECT

Property Description

The La Loutre Property consists of 1 large contiguous block of 42 mineral claims totaling 2,508.97 hectares (25.09 km^2) located approximately 53 km east of Timcal's Lac des Iles graphite mine, 117 km northwest of Montréal in southern Québec.

Work done during the year

On June 6, 2013 the Company announced the results from preliminary metallurgical flotation testing based on a composite of several graphite samples from the Property. The Company has submitted on composite, representing three (3) different geological units present on the property to Global Mineral Research Ltd (GMR Ltd) for this evaluation. This composite samples has been prepared with the grab samples obtained during the summer exploration program on the property (see news release dated July 24, 2012) which confirmed the presence of a large graphite bearing structure covering an area of approximately 7 kilometers by 1 kilometer with results of up to 22.04% Graphite in multiple parallel zones of 30-50 meters wide. Another area has also been identified covering approximately 2 kilometers by 1 kilometer in multiple parallel zones of 20-50 meters wide, which includes results of up to 18% Graphite.

The primary objective of the test program was to determine the recoverability of the graphite mineral by flotation and gravity concentration. The grind sensitivity tests, conducted in the range of 576 to 237 microns, indicate the recoveries are not significantly affected by the varying primary grinds. However, a finer feed is observed to yield better graphite recoveries. The best rougher flotation results achieved 80.4% graphite recovery in 10.9% mass yield with a grade of 34.5% graphite.

Cleaning of the rougher concentrate was best achieved by incorporation gravity with the flotation process. The cleaner flotation with gravity test results indicate that both rougher and cleaner concentrates contain liberated graphite flakes which can be upgrade by gravity. The final gravity concentrate shows 65.3% recovery with a grade of 80% in 3.8% mass yield. Further size reduction of various products from this procedure will potentially improve on the final grade and recovery of the graphite. Due to limitations of available feed material, optimization testing has yet to be conducted. Additional test are recommended to improve on overall graphite grade and recovery to the final product.

In September 2013, the Company has received all the permits it needs to start drilling a 1,500 meter drill program on the project. The objective of this 15–20 hole drill program will be to verify the areas of high-grade graphite results towards establishing a flake graphite resource at the property by December 2013 and use a better representative samples to conduct optimization flotation testing. Management is now assessing the various ways it might finance the program.

On September 23, 2013, the Company announced that it has received more high grade graphite grab sample assay results derived from recent detailed sampling program on the property and from reconnaissance sampling from the Lac des Iles property. The property consists of contiguous claim blocks totaling approximately ± 2,500 hectares (25 km^2) situated approximately 53 km to the east of Timcal's Lac des Iles Graphite Mine, 117 km northwest of Montreal. To date, the sampling program has confirmed a graphite bearing structure covering an area approximately 7 kilometers by 1 kilometer with results of up to 22.04% Graphite in multiple parallel zones of 30 to 50 meters wide. Another area has also been identified covering approximately 2 kilometers by 1 kilometer in multiple parallel zones of 20-50 meters wide which includes results up to 18% Graphite. All new assays are show in the table below*.

La Loutre best grab samples:

Sample No	Graphite %		Sample No	Graphite %		Sample No	Graphite %		Sample No	Graphite %		Sample No	Graphite %
115732	17.25		**115719**	3.00		**115708**	2.15		**115701**	1.82		**115731**	0.65
115728	9.16		**115712**	2.60		**115726**	2.13		**115710**	1.80		**115720**	0.49
115718	7.76		**115716**	2.49		**115709**	2.08		**115725**	1.78		**115721**	0.44
115707	6.72		**115711**	2.44		**115703**	2.04		**115723**	1.66		**115722**	0.44
115717	5.26		**115713**	2.42		**115715**	2.04		**115706**	1.65			
115729	4.12		**115727**	2.27		**115705**	1.96		**115702**	1.54			
115730	3.86		**115704**	2.26		**115724**	1.91		**115714**	1.29			

Lac des Iles best grab samples:

Sample No	Graphite %		Sample No	Graphite %
115736	1.2		**115737**	1.2

*Grab samples are selective by nature and are unlikely to represent the average grade of a deposit.

All the samples were sent for analysis in sealed containers to the Chemex laboratory in Val-d'Or by employees of the Company. The samples are weighed and identified prior to sample preparation. The samples are crushed to 70% minus 2 mm, then separated and pulverized to 85% passing 75µm. All samples are analyzed using C-IR18, for Carbon Graphite. Management is encouraged that these new samples results that confirm again the presence of graphite, on surface, and over a large area, all of which offers great potential to develop a graphite resource on the property.

GRAND PRIX NORTH – GRAPHITE PROJECT

Property Description

The Grand Prix North Property consists of 1 large contiguous block of 15 mineral claims totaling 829.99 hectares (8.29 km^2) located approximately 130 km northwest of Baie-Comeau in central eastern Québec.

Work done during the year

During the year, the Company decided to not renew the claims and proceed to write-off of Grand Prix North property to focus its energies and capital on its most promising properties.

PARADISE 1 – GRAPHITE PROJECT

Property Description

The Paradise 1 property consists of 1 large contiguous block of 17 mineral claims totaling 923.81 hectares (9.24 km^2) located approximately 190 km north of Baie-Comeau in central eastern Québec.

Work done during the year

During the year, the Company decided to not renew the claims and proceed to write-off of Paradise 1 property to focus its energies and capital on its most promising properties.

MARBLE SOUTH – GRAPHITE PROJECT

Property Description

The Marble South property consists of 1 large contiguous block of 25 mineral claims totaling 1,392.02 hectares (13.92 km^2) located approximately 100 km northwest of Baie-Comeau in central eastern Québec.

Work done during the year

During the year, the Company decided to not renew the claims and proceed to write-off of Marble South property to focus its energies and capital on its most promising properties.

MARDI GRAS – GRAPHITE PROJECT

Property Description

The Mardi Gras property consists of 2 large blocks of 21 mineral claims totaling 1,122.83 hectares (11.23 km^2) located approximately 160 km northwest of Sept-Iles in central eastern Québec.

Work done during the year

During the year, the Company decided to not renew the claims and proceed to write-off of Mardi Gras property to focus its energies and capital on its most promising properties.

GRAND PRIX – GRAPHITE PROJECT

Property Description

The Grand Prix property consists of 1 large contiguous block of 275 mineral claims totaling 14,977 hectares (149.77 km^2) located approximately 110 km northwest of Baie-Comeau in central eastern Québec.

Work done during the year

On April 16, 2013, the Company announced that it has received graphite grab and channel sample assay results derived from the Company's recent sampling program on the Champagne and Grand Prix properties. The sampling program has confirmed presence of graphite bearing structures in many areas of the properties with results of up to 7.21% Graphite in grab samples and 6.16% graphite on two (2) meters in channel samples. Best assays are show in the table below*.

Grand Prix grab samples:

Sample No	Graphite %
115301	7.21
115302	4.10
115303	6.90
115304	3.49
115305	3.59

Sample No	Graphite %
115306	1.80
115307	0.43
115308	0.98
115309	1.24
115310	0.66

Sample No	Graphite %
115334	1.41
115335	1.91
115336	5.84
115337	1.06
115338	1.02

Sample No	Graphite %
115339	3.03
115340	3.02
115341	5.47
115342	1.48
115343	0.63

Sample No	Graphite %
115344	2.98
115345	2.82
115346	3.33
115347	3.11

Grand Prix channel samples:

Channel name	Easting (UTM)	Northing (UTM)	Bearing (°)	Mineralisation		Length along the channel (m.)	Average grade graphite %
				From (m)	To (m)		
GPR1	463321	5526830	70	0.00	2.00	2.00	6.16
GPR2	463332	5526809	290	0.00	4.00	4.00	3.51
GPR3	463336	5526804	290	0.00	1.00	1.00	3.70
GPR4	463341	5526628	170	0.00	6.00	6.00	3.07
GPR5	463327	5526632	240	0.00	5.00	5.00	3.26

*Channels do not necessarily represent the true width of the mineralized zone.

During the year, the Company decided to not renew the claims and proceed to write-off of Grand Prix property to focus its energies and capital on its most promising properties.

PARADISE 2 – GRAPHITE PROJECT

Property Description

The Paradise 2 property consists of 1 large contiguous block of 112 mineral claims totaling 6,102.53 hectares (61.03 km^2) located approximately 170 km north of Baie-Comeau in central eastern Québec.

Work done during the year

During the year, the Company decided to not renew the claims and proceed to write-off of Paradise 2 property to focus its energies and capital on its most promising properties.

WHITE – GRAPHITE PROJECT

Property Description

The White property consists of 1 large contiguous block of 10 mineral claims totaling 557.32 hectares (5.57 km^2) located approximately 50 km north of Baie-Comeau in central eastern Québec.

Work done during the year

During the year, the Company decided to not renew the claims and proceed to write-off of White property to focus its energies and capital on its most promising properties.

BUTTERFLY – GRAPHITE PROJECT

Property Description

The Butterfly property consists of 3 blocks of 261 minerals claims totaling 14,084.03 hectares (140.84 km^2) located approximately 102 km northwest of Sept-Îles in central eastern Québec.

Work done during the year

During the year, the Company decided to not renew the claims and proceed to write-off of Butterfly property to focus its energies and capital on its most promising properties.

MARBLE NORTH – GRAPHITE PROJECT

Property Description

The Marble North property consists of 1 large contiguous block of 13 mineral claims totaling 722.84 hectares (7.23 km^2) located approximately 100 km northwest of Baie-Comeau in central eastern Québec.

Work done during the year

During the year, the Company decided to not renew the claims and proceed to write-off of Marble North property to focus its energies and capital on its most promising properties.

LION – GRAPHITE PROJECT

Property Description

The Lion property consists of 1 large contiguous block of 120 mineral claims totaling 6,553.13 hectares (65.53 km^2) located approximately 110 km north of Matagami in western Québec.

Work done during the year

During the year, the Company decided to not renew the claims of the Lion's property to focus its energies and capital on its most promising properties.

TÉTÉPISCA – GRAPHITE PROJECT

Property Description

The Tétépisca property consists of 1 large contiguous block of 78 mineral claims totaling 4,206.09 hectares (42.06 km^2) located approximately 230 km northwest of Baie-Comeau in central eastern Québec.

Work done during the year

During the year, the Company decided to not renew the claims and proceed to write-off of Tétépisca property to focus its energies and capital on its most promising properties.

SAKAMI – GOLD PROJECT

Property Description

The Sakami property consists of 1 large contiguous black of 120 mineral claims totaling 6,032.18 hectares (60.32 km^2) located approximately 570 km north of Val-d'Or and 900 km north northwest of Montreal.

Work done during the year

On September 9, 2013, the Company announced the mobilization of a crew on site to complete detailed geological mapping on the JR area, a geochemical soil sampling on the JR and Island area, complete a mag survey on certain areas of the JR area and achieve a full sampling program including channel samples on the JR and Iles area. The Company also plans to start the permitting process and camp installation for a drilling campaign later in the fall and during the winter on the Point and JR areas.

On October 24, 2013, the Company announced that early results from a recent sampling program on Zones 25, 26, 43 and 9.6 on the property show high-grade gold assays of up to 61.37 g/t for grab samples.

The Company is currently conducting a geochemical survey on the "JR" and "Iles" areas, where over 1,200 soil samples will be collected. Mapping and detailed sampling, including channel sampling principally on Zone 43, is also underway. Zone 43 is exposed at surface by old stripping over 150 metres long by 50-75 metres wide, and consists of a mafic volcanic, Algoma-type sulphide iron formation coinciding with a strong IP anomaly. The Company is awaiting a permit before starting a 1,500-metre drilling program on the Pointe Area to extend Zones 25 and 26, and also to test various IP conductors. All new assays are shown in the table below.*

Sakami best grab samples:

Sample No	Au ppm 0.01 Py-SAA Au	Zone	Sample No	Au ppm 0.01 Py-SAA Au	Zone	Sample No	Au ppm 0.01 Py-SAA Au	Zone
115751	1.19	Zone 26	**115755**	2.25	Zone 25	**115769**	3.9	Zone 9.6
115752	5.18	Zone 26	**115756**	4.75	Zone 25			
115753	1.39	Zone 26	**115758**	1.33	Zone 25			

Sample No	Au ppm 0.01 Py-SAA Au	Au g/Mt 0.10 PYRO-GRAV	Zone
115759	> 10.0	**61.37**	Zone 43
115761	2.6		Zone 43
115764	4.28		Zone 43

*Grab samples are selective by nature and unlikely to represent the average grade of a deposit.

To date most exploration work has focused on Zone 25, where stratiform gold mineralization has been found hosted by a sequence of strongly silicified quartzites, arkoses and felsic dykes within paragneiss of the Opinaca sub-province. This mineralized horizon occurs as an antiform-synform pair that plunges moderately to the southwest. Matamec Explorations Inc. (TSX.V MAT) drilling intersected it within a surface area of approximately 150 metres by 160 metres, and to a depth of 220 metres. The thickest mineralization is developed within the hinge zone of the two interpreted folds with drill intercepts including: 2.62 grams per tonne (g/t) Au over 54.70 metres core length from EX-10, and 4.16 g/t Au over 21.00 metres core length in EX-22. A broad "envelope" of lower grade mineralization of approximately 1 g/t Au characterizes the zone and encloses higher grade sections typically ranging from 1-3 g/t Au.

Hole #	Au (g/t)	Length (metres)	From (metres)	To (metres)
EX-1	2.38	7.90	91.90	99.80
EX-2	1.97	19.85	11.15	31.00
EX-3	2.13	10.20	49.80	60.00
EX-5	2.12	6.00	72.00	78.00
EX-9	2.93	4.00	125.00	129.00
EX-10 including	2.51 3.52	54.65 14.00	18.35 43.00	73.00 57.00
EX-13	2.96	8.25	160.50	168.75
EX-17	1.74	10.65	155.65	166.30

EX-18	2.04	11.52	228.05	239.57
EX-22 including	4.16 6.40	21.00 12.67	74.25 77.28	95.25 89.95
EX-23	3.60	7.45	186.55	194.00
EX-25	2.72	17.85	133.10	150.95
EX-27	1.17	8.20	162.75	170.95
EX-28	2.08 1.98	3.26 3.73	71.16 148.59	74.42 152.32
EX-29	2.09 3.43	19.50 1.50	190.50 273.50	210.00 275.00
EX-31 including	2.39 8.03	30.19 3.82	110.81 132.14	140.00 135.96
EX-32 including	1.72 2.17 12.23 3.43	22.13 12.16 0.50 3.16	117.97 127.94 130.64 136.94	140.10 140.10 131.14 140.10
EX-33	4.95 3.34	2.00 3.45	243.25 260.91	245.25 264.36
EX-44	1.51 2.18	6.09 2.42	169.47 232.85	175.56 235.27
EX-45 including	1.17 1.70	5.00 2.00	190.50 191.50	195.50 193.50
EX-47	1.25	12.00	258.00	270.00

Zone 25 selected intersections

Nearby, at Zone 26, gold mineralization is hosted by a sulphide banded iron formation present in mafic volcanics of the La Grande sub-province. This zone occurs within the interpreted hinge of a southwest moderately plunging syncline and has been traced by drilling for 140 metres along the fold axis and to a depth of 185 metres below surface. Seven drill holes tested the zone and intersected inconsistent gold mineralization, with the best interval assaying 9.22 g/t Au over 12.55 metres, including 13.67 g/t Au over 7.35 metres. This high grade intersection occurs proximal to high grade sections intersected in Zone 25 (EX-31).

Hole #	Au (g/t)	Length (metres)	From (metres)	To (metres)
EX-19 including	9.22 13.67	12.55 7.35	53.80 58.25	66.35 65.60
EX-20	4.07	1.35	66.75	68.10
EX-31	2.75	1.50	63.79	65.29
EX-32	2.53 3.41	1.50 1.50	64.29 69.82	65.79 71.32
EX-48	1.00	9.00	49.00	58.00
EX-49	2.69	3.00	64.00	67.00

Zone 26 selected intersections

Both Zone 25 and Zone 26 occur within 50 metres of the contact between the two sub-provinces.

On December 16 2013, the Company announced the results of their September-October 2013 exploration program. The program consisted of channel sampling of some previously stripped areas, as well as a soil geochemistry survey. The very positive results have confirmed the potential of the JR and De l'Ile areas for the discovery of new showings and resulted in the identification of new drill targets. The table below shows the results of channel sampling, as well as results of some of the chip samples taken from Showing 9.6.

Sakami grab sample results:

Sample #	Au ppm 0.01 Py-SAA Au	Au g/t 0.10 PYRO-GRAV	Zone
588196	8.11		Showing 9.6
588197	9.35		Showing 9.6
588198	> 10.0	62.92	Showing 9.6
588200	9.06		Showing 9.6

*Grab samples are selective by nature and unlikely to represent the average grade of a deposit.

Sakami channel sampling results:

Channel name	Zone	Sample #	Length (m)	Au ppm 0.01 Py-SAA Au	Au g/t 0.10 PYRO-GRAV	Au (g/t) /length(m)
Channel 1	Showing 9.6	588159	1.0	1.54		1.54/1m
Channel 6	Showing 9.6	588181	1.0	1.27		5.305/2m
		588182	1.0	9.34		
Channel 6	Showing 9.6	588189	1.0	3.19		3.19/1m
Channel 2	Showing 43	588010	1.0	3.56		3.56/1m
Channel 3	Showing 43	588017	1.0	1.05		1.05/1m
Channel 3	Showing 43	588022	1.0	8.44		8.44/1m
Channel 13	Showing 43	588149	1.0	4.43		26.68/2m
		588150	1.0	> 10.0	49.93	

Mapping of the results of the geochemical survey and selection of the grades over 0.1 ppm Au in the soil indicate four main gold anomalies (see figure at the following link: www.csmetals.ca). Other anomalous elements were considered subsequently for values higher than three standard deviations above the mean.

Between January 22 and March 31 2014, the Company announced an update of their latest exploration program on the property and the results of the mineralized intersections. Nine holes were drilled during the program for a total of 1,605 metres.

The main objective of the program was to validate and extend the historical zone identified by Matamec Explorations between 2000 and 2004 in the “La Pointe” area of the property, a table of all the mineralized intersections is shown below.

All the holes drilled during the last program returned mineralized intersections of from 0.5 m to 27.95 metres. The mineralized intersections were of two types (two different zones):

- Zone 26: Sulphide iron formation containing 1 to 15% pyrite-pyrrhotite with trace arsnopyrite
- Zone 25: Silicified biotite paragneiss containing 1-10% arsnopyrite-pyrite ± pyrrhotite

A total of 643 samples were shipped to the laboratory for gold assaying. The Company has already started receiving results and is presently in process of compiling them. The results will be released as soon as the compilation is complete. A table of all the mineralized intersections from the program is shown below.

TABLE OF DRILLHOLE LOCATIONS

Hole #	Easting (UTM)	Northing (UTM)	Elevation (m)	Length (m)	Bearing (°)	Dip
PT-13-64	375659	5894756	188.00	189.00	310	-50
PT-13-65	375444	5895111	203.00	150.00	45	-45
PT-13-66	375444	5895111	203.00	135.00	60	-51
PT-13-67	375408	5895130	203.00	159.00	62	-45
PT-13-68	375324	5895111	206.00	325.00	66	-70
PT-13-69	375338	5895108	206.00	282.00	70	-53
PT-13-70	375505	5895110	195.00	120.00	25	-60
PT-13-71	375443	5895135	192.00	132.00	46	-60
PT-13-72	375443	5895135	192.00	138.00	46	-67

TABLE OF MINERALIZED INTERSECTIONS FROM THE RECENT DRILLING CAMPAIGN

Hole #	Type	From (m)	To (m)	Length* (m)	Au (g/t)
PT-13-64	New zone	68.85	69.90	1.05	1.27
	New zone	171.00	171.50	0.50	3.62
PT-13-65	Zone 25	112.50	138.00	25.50	3.03
Including		126.00	138.00	12.00	4.00
PT-13-66	Zone 25	109.95	125.40	15.45	1.18
PT-13-67	Zone 25	126.90	154.85	27.95	3.78
Including		132.25	154.85	22.60	4.01
Including		138.00	145.00	7.00	7.21
PT-13-68	Zone 25	200.50	221.00	20.50	2.77
Including		201.65	215.00	13.35	3.23
Including		201.65	205.00	3.35	4.71
	New zone	278.25	281.10	2.85	2.82
	New zone	294.00	297.00	3.00	1.70
PT-13-69	Zone 25	**213.05**	**226.50**	**13.45**	**1.32**
PT-13-70	Zone 25	**78.75**	**99.00**	**20.25**	**1.27**
Including		**78.75**	**86.00**	**7.25**	**2.22**
PT-13-71	Zone 26	**49.10**	**51.65**	**2.55**	**2.06**
PT-13-71	Zone 25	**102.00**	**121.50**	**19.50**	**2.97**
Including		**107.40**	**121.50**	**14.10**	**3.78**
Including		**112.00**	**121.50**	**9.50**	**3.95**
PT-13-72	Zone 25	**112.50**	**130.40**	**17.90**	**2.24**
Including		**112.50**	**119.00**	**6.50**	**3.65**

* Core length; the Company estimates the true width of the mineralized zone at 80 to 95% of the core length.

On April 17, 2014, the Company announced that the drilling program began in March on the property was completed.

The program was aimed at increasing the size of the main gold zone (Zone 25) to the west-northwest, as well as its extension at depth. Zone 25 is in the La Pointe sector of the property. Now that the program is complete, Zone 25 has been tested over a strike length of more than 200 metres and to depth of over 450 metres along its plunge. To date, the zone 25 has been test to a vertical depth of 250 metres. The holes are spaced at 50 metres. A map of the new holes can be found on the Company's website at: www.csmetals.ca.

Eleven diamond drill holes have been completed during the campaign. All the holes intersected Zone 25, with widths ranging from 7.30 to 22.95 metres. The mineralized intersections consist of a silicified biotite paragneiss containing 1-7% with locally up to 10% pyrite-arsenopyrite.

All the core have been logged and sampled and have been be sent to the laboratory for assaying. The Company will release the assay results as soon as they are received and compiled. A table of all the mineralized intersections from the recent program is shown below, along with previous drill results.

TABLE OF MINERALIZED INTERSECTIONS FROM THE MOST RECENT DRILLING

Hole #	Type	Length* (m)	From (m)	To (m)	Description
PT-14-73	Zone 25	7.30	163.00	170.30	Silicified paragneiss, 1 - 5% arsenopyrite
PT-14-74	Zone 25	19.85	231.60	251.45	Silicified paragneiss, 1 - 5% arsenopyrite
PT-14-75	Zone 25	13.30	268.70	282.00	Silicified paragneiss, 1 - 5% arsenopyrite
PT-14-76	Zone 25	18.90	171.75	190.65	Silicified paragneiss, 1 - 5% arsenopyrite
PT-14-77	Zone 25	9.75	173.25	183.00	Silicified paragneiss, Trace to 2% arsenopyrite
PT-14-78	Zone 25	9.90	205.50	215.40	Silicified paragneiss, 1 - 5% arsenopyrite±pyrite
PT-14-79	Zone 25	14.40	186.60	201.00	Silicified paragneiss, 1 - 7% arsenopyrite
PT-14-80	Zone 25	8.15	174.60	182.75	Silicified paragneiss, 1 - 3% arsenopyrite
PT-14-80	New Zone	12.00	192.00	204.00	Silicified paragneiss, 1 - 5% arsenopyrite
PT-14-81	Zone 25	14.65	219.90	234.55	Silicified paragneiss, 1 - 7% arsenopyrite
PT-14-82	Zone 25	11.70	221.80	233.50	Silicified paragneiss, 1 - 5% arsenopyrite
PT-14-83	Mineralized zone	22.95	230.55	253.50	Silicified paragneiss, Trace to 1% arsenopyrite

* Core length

TABLE OF DRILL HOLE COLLAR COORDINATES

Hole #	Easting (UTM)	Northing (UTM)	Elevation (m)	Length (m)	Azimuth (°)	Plunge
PT-14-73	375315	5895165	200,00	249,00	70	-70
PT-14-74	375260	5895100	209,00	285,00	70	-70
PT-14-75	375200	5895085	204,00	297,00	70	-70
PT-14-76	375270	5895150	200,00	219,00	70	-70
PT-14-77	375253	5895194	198,00	198,00	70	-70
PT-14-78	375225	5895135	207.00	231.00	70	-70
PT-14-79	375158	5895161	198.00	240.00	70	-70
PT-14-80	375206	5895178	197.00	210.00	70	-70
PT-14-81	375178	5895119	206.00	249.00	70	-70
PT-14-82	375111	5895140	198.00	336.00	70	-70
PT-14-83	375078	5895119	198.00	342.00	60	-70

The samples in secure tagged bags were delivered directly to the analytical facility for analysis. In this case, the analytical facility was the Bourlamaque Ltee laboratory in Val-d'Or, Quebec. The samples are weighed and identified prior to sample preparation. All samples are analyzed by fire assay with AA finish on a 30g sample (0.01-10 ppm Au), with a gravimetric finish for assays over 10 ppm Au.

APPLE – GOLD PROJECT

Property Description

The Apple property consists of 147 claims covering 75 squares kilometres located 80 km southeast of Radisson in the James Bay region. The property is accessible by a 40 km winter road from km 510 on the paved James Bay road. In summer, the property can be accessed by boat from the Trans-Taïga road.

The project covers a portion of the Apple Formation, which came to light in the early 1970s with the discovery of several extensive uranium-pyrite matrix, quartz pebble conglomerate zones.

The Apple uranium deposit was in fact discovered in 1971 during an airborne survey. The International Nickel Company of Canada Limited ("INCO") and James Bay Development Corporation subsequently conducted an extensive joint exploration program from 1972 to 1975, with INCO as the operator. A total of 65 holes were drilled for a total of 14,000 metres, and the uranium conglomerates were traced over a distance of eight kilometres along an East-West axis.

In 1974, INCO performed a resource estimate on a one-kilometre section covering seven subvertically-dipping zones. The historical estimate yielded 9,365,000 tons grading 0.054% U_3O_8 or 1.08 lb/ton for a total of 10.1 million pounds (GM 57894). This resource includes 4.3 million tons categorized as proven and probable and 5.0 million tons categorized as possible (a qualified person has not done sufficient work to classify the historical estimate as current mineral resources, the issuer is not treating the historical estimate as current mineral resources). The literature (Robertson *et al.* 1986) reports a resource of 8.5 million tons grading 0.052% U_3O_8 (8.8 million pounds of U_3O_8) contained in a six-metre by one-kilometre wide envelope extending to a depth of 300 metres, and remaining open at depth (a qualified person has not done sufficient work to classify the historical estimate as current mineral resources, the issuer is not treating the historical estimate as current mineral resources). A correlation was established between the highest uranium grades and the pyrite content. INCO dropped the property in 1975, and it has not been explored for uranium since.

In addition to the subsequent uranium-related work done by Strateco, Virginia Gold Mines explored the property between 1998 and 2001 to assess its gold potential. Very interesting showings were discovered, although no drilling was done.

Notable among the showings was the Buck showing discovered in an iron formation in 1998, which returned 20.15 g/t Au and 2.59 g/t over 3.5 metres from channel sampling. Another showing discovered at the contact of volcanic rocks and a pegmatite in the summer of 2000 returned 23.82 g/t Au and 4.73 g/t Au in grab samples.

Several ultramafic horizons with anomalous PGE (platinum and palladium) values were also identified by the work done in 2000. The best results were 491 ppb Pt and 2,347 ppb Pd.

The presence of albitized pegmatite with a quartzose core is also notable, with a halo of intense, pervasive tourmalinization, prismatic beryl crystals and proximity to ultramafic rocks with chromite mineralization (chromiferous actinolite was observed in skarned ultramafic rocks), which constitute the elements required to form emeralds.

Work done during the year

The Company acquired 100% of Strateco's Apple property in exchange for a cash payment of $ 10,000 and the issuance of 4,000,000 common shares of the Company. The agreement is also subject to a 2% net smelter return (NSR) royalty payable to Virginia Mines Inc., half of which can be bought back for $1,000,000.

Person In Charge of Technical Disclosure

Jean-Sebastien Lavallee (OGQ #773), geologist, shareholder, President and Chief Executive Officer of the Company and a Qualified Person under *NI 43-101 on standards of disclosure for mineral projects*, has written and approved the technical content of this MD&A for the properties.

SELECTED ANNUAL INFORMATION

The following selected financial data is derived from our audited financial statements for the year ended January 31, 2014.

In $ 000's except for share data	**Year ended January 31, 2014**	Year ended January 31, 2013	Year ended January 31, 2012
Revenue	-	-	-
Net loss	**(2,753)**	(1,153)	(1,795)
Basic and diluted net loss per share	**(0.06)**	(0.04)	(0.11)
Total assets	**1,648**	3,766	2,957

This selected annual information should be read in conjunction with the audited financial statements filed on www.sedar.com for the year ended January 31, 2014.

RESULTS OF OPERATIONS

Canada Strategic anticipates that, for the foreseeable future, quarterly results of operations will primarily be impacted by several factors, including the timing of exploration and the efforts and timing of expenditures related to the development of the Company. Due to fluctuations in these factors, the Company believes that the period-to-period comparisons of operating results are not a good indication of its future performance.

The following discussion and analysis are based on Canada Strategic's results of operations for the year ended January 31, 2014. The following selected financial information data is derived from the Company's audited financial statements for the year indicated.

FINANCIAL HIGHLIGHTS

	January 31	
	2014	**2013**
Revenues	**$ 6,121**	$ -
General administrative expenses	**$ 59,320**	$ 123,253
Registration, listing fees and shareholders'	**$ 174,651**	$ 151,505
Professionnal and consultant fees	**$ 268,951**	$ 350,089
Stock-based payments	**$ 86,966**	$ 180,605
Depreciation of property, plant and equipment	**$ 2,243**	$ 26,913
Part XII.6 taxes	**$ 3,436**	$ -
Gain on disposal of equipment	**$ (2,730)**	$ -
Gain on debt settlement	**$ (127,891)**	$ -
Write-off of property plan and equipment	**$ 70,872**	$ -
Write-off of exploration end evaluation assets	**$ 2,387,473**	$ 320,468
Loss before income taxes	**$ 2,917,170**	$ 1,152,833
Deferred income taxes	**$ (164,016)**	$ -
Net loss and comprehensive loss	**$ 2,753,154**	$ 1,152,833
Cash	**$ 137,469**	$ 453,304

Revenues

Revenues for the year ended January 31, 2014, amounted to $6,121 (Nil - 2013) and consisted of interest revenues. Given its status as a mining exploration company, Canada Strategic does not generate any steady income, and must finance its activities by issuing equity.

General Administrative Expenses

General administrative expenses for the year ended January 31, 2014, consisted mainly of general office expenditures, travel expenses, promotional activities and the Company's claim renewal expenses. The decrease was mainly due to travel, offices expenses and the insurance expense.

Registration, Listing Fees and Shareholder Information

Registration, listing fees and shareholder information expenses for the year ended January 31, 2014, consisted mainly of expenditures of a legal and regulatory nature incurred to comply with the requirements of the securities commission. The $23,146 increase from the prior year was mainly due to higher shareholder information expenses.

Professional and Consultant Fees

Professional and consulting fees for the year ended January 31, 2014, consisted primarily of expenses of a legal and accounting nature, as well as audit, business development and management expenses. There was a negative variation of $81,138 compared to the previous year, attributable to a decrease in legal fees, consulting fees and accounting-related expenses and an increase in business development expenses.

Stock-Based Compensation

Share-based payments and compensation for the year period ended January 31, 2014, represent the charge related to the value of the 1,750,000 stock options granted to directors, officers and consultants, compared to 1,525,000 options as at January 31, 2013. A compensation charge of $86,966 ($180,605 in 2013) was thus assigned in relation to the stock options granted during the year, using the Black-Scholes model.

Write-off of equipment

During the year ended January 31, 2014, the Company sold all its property and equipment, and recognized a charge of $70,872 in earnings.

Write-off of exploration and evaluation assets

During the year ended January 31, 2014, the Company decided to write off the Goeland, Champagne, Grand Prix and Grand Prix Nord, Paradise 1 and 2, Marble South and North, Mardi Gras, White, Butterfly, Lion, Tétépisca and Tétépisca North properties and to write down the Lac des Iles West property, in order to focus its energies and capital on its most promising properties. A charge of $2,387,473 was recognized in earnings.

SUMMARY OF QUARTERLY RESULTS

The comments below provide an analysis of the operating results for the three-month period ended January 31, 2014. The selected financial information shown below is taken from the condensed unaudited interim financial statements for each of the three-month periods indicated.

FINANCIAL HIGHLIGHTS

	January 31 (3 months)	
	2014	**2013**
Revenues	**$ 2**	$ -
		$ -
General administrative expenses	**$ 11,930**	$ 16,175
Registration, listing fees and shareholders' information	**$ 35,622**	$ 6,766
Professionnal and consultant fees	**$ 68,789**	$ 80,968
Stock-based payments	**$ 5,782**	$ 118,042
Depreciation of property, plant and equipment	**$ -**	$ 26,913
Part XII.6 taxes	**$ 181**	$ -
Foreign exchange loss	**$ -**	$ (1,532)
Gain on disposal of equipment	**$ (2,730)**	$ -
Gain on debt settlement	**$ (127,891)**	$ -
Write-off of property plan and equipment	**$ 664**	$ -
Write-off of exploration end evaluation assets	**$ 2,374,228**	$ 320,468
Loss before income taxes	**$ 2,366,573**	$ 567,800
Deferred income taxes	**$ (87,286)**	$ -
Net loss and comprehensive loss	**$ 2,279,287**	$ 567,800
Cash	**$ 137,469**	$ 453,304

Registration, Listing Fees and Shareholder Information

Registration, listing fees and shareholder information expenses for the three-month period ended January 31, 2014, consisted mainly of expenditures of a legal and regulatory nature incurred to comply with the requirements of the securities commission. The change from the prior period was mainly due to an increase in expenses related to shareholder communications.

Professional and Consultant Fees

Professional and consulting fees for the three-month ended January 31, 2014, consisted primarily of expenses of a legal and accounting nature, as well as audit, business development and management expenses. The $12,179 increase compared to the previous period was attributable to higher business development expenses and legal fees, as well as a decrease in consulting and accounting fees.

Stock-Based Compensation

Share-based payments and compensation for the three-month period ended January 31, 2014, represent the charge related to the value of the 450,000 (Nil in 2013) stock options granted to directors, officers and consultants. A compensation charge of $5,782 ($118,042 in 2013) was thus assigned in relation to the stock options granted during the period, using the Black-Scholes model.

Write-off of exploration and evaluation assets

During the three-month period ended January 31, 2014, the Company decided to write off the Goeland, Champagne, Grand Prix and Grand Prix Nord, Paradise 1 and 2, Marble South and North, Mardi Gras, White, Butterfly and Tétépisca properties and to write down the Lac des Iles West property in order to focus its energies and capital on its most promising properties. A charge of $2,374,228 was recognized in earnings.

The selected financial information below was taken from Canada Strategic's unaudited condensed financial statements for each of the following quarters:

$000s of $ except for share data		Jan. 31 2014		Oct ,31 2013		July 31 2013		Apr. 30 2013		Jan. 31 2013		Oct. 31 2012		July 31 2012		Apr. 30 2012
Revenues		-		-		-		-		-		-		-		-
Net profit (loss)		(2 279)		(154)		(77)		(243)		(568)		(153)		(241)		(190)
Basic and diluted net loss per share	$	(0,04)	$	(0,00)	$	(0,00)	$	(0,01)	$	(0,02)	$	(0,01)	$	(0,01)	$	(0,01)

LIQUIDITY AND CAPITAL RESOURCES

Cash as at January 31, 2014, totalled $137,469 compared to $453,304 as at January 31, 2013. It is management's intention to secure further capital funding in the form of equity to support current and future exploration and evaluation assets development.

The selected financial information below was taken from Canada Strategic's unaudited condensed financial statements for each of the following quarters:

Date	Financing		Commercial Goals	
Décembre 2013	Flow-through	$87,300	Exploration expenditures	Completed

For the next year, the Company has budgeted $400,000 for administrative expenses. Management is of the opinion that, even if it is unable to raise additional equity financing, the Company will be able to meet its current exploration obligations and keep its properties in good standing for the next 12 months. Advanced exploration of some of the mineral properties would require substantially more financial resources. There is no assurance that such financing will be available when required, or under terms that are favourable to Canada Strategic. The Company may also select to advance the exploration and development of exploration and evaluation assets through joint ventures. Management is currently considering opportunities for further financing.

CASH FLOWS

	January 31 2014		2013	
Operating activities	$	(95,244)	$	(305,558)
Financing activities	$	58,364	$	1,148,962
Investing activities	$	(278,955)	$	(587,684)
	$	(315,835)	$	255,720
Cash	$	137,469	$	453,304

During the year ended January 31, 2014, funds used for operating activities were spent primarily on improving operations and promotion of the Company.

During the year ended January 31, 2014, this item consisted of the following financing activity:

On December 23, 2013, the Company issued 97 flow-through Units issued at a price of $1,000 per Unit for total gross proceeds of $97,000, with each Unit consisting of 12,000 flow-through common shares at a price of $0.075 and 2,000 common shares at a price of $0.05 per share.

During the year ended January 31, 2014, investing activities consisted primarily of prospecting work for property development, the sale of property and equipment and the receipt of income tax credits.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET ARRANGEMENTS

Commitments with Key Executives

A) In February 2012 and amended in June 2013, the Company entered into an option agreement on the La Loutre property in the province of Quebec. The agreement provides that the Company may acquire a 100% interest in the property as follows:

$15,000 at the signature of the Agreement (condition fulfilled);

- $15,000 at the TSX Venture Exchange final approval (received in March 2012) (condition fulfilled);
- $15,000 eighteen months after final approval by the TSX Venture Exchange. May be paid in common shares of the Company (condition fulfilled – issuance of 300,000 common shares).

The Company has also agreed to issue 2,600,000 common shares as follows:

- 1,000,000 shares at the signature of the Agreement (condition fulfilled);
- 1,100,000 shares twelve months following the TSX Venture Exchange final approval (condition fulfilled);
- 500,000 shares eighteen months following the TSX Venture Exchange final approval (condition fulfilled).

In addition, the Company has undertaken to incur $100,000 ($134,899 has already been incurred as at January 31, 2014) over a twelve month period.

Under the terms of the agreement, the property remains subject to a 1.5% NSR royalty payable to the vendors. The Company has the option to purchase 0.5% of this NSR royalty for $500,000.

Other Commitments

B) In September 2012, the Company retained the services of Paradox Public Relations (“Paradox”) to handle public relations. Paradox focuses on developing and expanding the Company’s communications with the financial community through a full investor relations program. The services provided include marketing to the financial community, an inbound email service, the use of an exclusive Paradox database, organization of meetings and presentations and service calls on behalf of the Company. The agreement covers a 24-month period at a monthly fee of $7,000.

C) In February 2012, the Company entered into an option agreement on the Lac des Iles West property in the province of Quebec. The agreement provides that Company may acquire a 100% interest in the property in consideration of a total of $12,500 in cash payments, as follows:

- $12,500 at the signature of the Agreement (condition fulfilled).

The Company has also agreed to issue 500,000 common shares as follows:

- 300,000 shares at the TSX Venture Exchange final approval (condition fulfilled);
- 200,000 shares six months following the TSX Venture Exchange final approval (condition fulfilled).

In addition to the above cash payments and common share issuances, the Company must issue a bonus in the form of common shares with a fair value of $1,000,000 or pay $1,000,000 upon commencement of production.

D) In August 2013, the Company entered into an option agreement on the Sakami property in the province of Quebec. The Agreement provides for the Company to acquire an interest of up to 70%. This acquisition will begin with the acquisition of a 50% interest in the property in consideration of the issuance of 2,000,000 common shares, as follows:

- 500,000 shares on signature of the Agreement (condition fulfilled).
- 500,000 shares twelve months after final TSX Venture Exchange approval (received in August, 2013);
- 500,000 shares twenty-four months after final TSX Venture Exchange approval;
- 500,000 shares thirty-six months after final TSX Venture Exchange approval.

A minimum of $500,000 must be spent on exploration before the first anniversary of the agreement. In the event that the Company renounces its option, the unspent portion of the $500,000 minimum in exploration expenses shall be paid in cash or in shares, at the sole discretion of the Company.

In addition, the Company has undertaken to incur $2,250,000 in exploration and evaluation expenses before August 16, 2016 ($495,941 had already been incurred as at January 31, 2014), as follows:

- $500,000 twelve months after final TSX Venture Exchange approval;
- $750,000 twenty-four months after final TSX Venture Exchange final approval;
- $1,000,000 thirty-six months after final TSX Venture Exchange approval.

Once the Company has earned a 50% interest, the parties will form a full joint venture.

For 180 days after acquiring its 50% interest in the property, Canada Strategic Metals will have the option of acquiring an additional 20% property interest by issuing 1 million shares to Matamec and completing an independent bankable feasibility study within five years of the date of the share issuance. During the period that the additional option is valid, Canada Strategic Metals must spend a minimum of $2,000,000 on exploration by the end of each year until the feasibility study is completed.

Under the terms of the agreement, the property remains subject to a 1 % NSR royalty on certain claims.

E) In December 2013, the Company signed a formal agreement with Strateco Resources Inc. on the Apple property in the James Bay region of northern Quebec.

The agreement, which is effective immediately, provides for Canada Strategic Metals to acquire 100% of the Apple property, wholly-owned by Strateco, in consideration of $10,000 and 4,000,000 shares of the Company. The common shares issued to Strateco, will be subject to resale restriction periods as follows:

- 800,000 common shares within four months of TSX-V approval of the Agreement (received in December 2013);
- 800,000 common shares within nine months of TSX-V approval of the Agreement;
- 800,000 common shares within 12 months of TSX-V approval of the Agreement;
- 800,000 common shares within 18 months of TSX-V approval of the Agreement; and
- 800,000 common shares within 24 months of TSX-V approval of the Agreement.

The agreement also provides for a 2% NSR royalty payable to Virginia Mines Inc., half of which can be bought back for $1.0 million.

ROYALTIES ON THE MINING PROPERTIES

PROPERTY	ROYALTY		DESCRIPTION
	Name	Percentage	
La Loutre	Jean-Sébastien Lavallée	33,33%	1.5% NSR of which 0.5% may be purchased for an amount of $500,000
	Jean-Raymond Lavallée	33,33%	
	Michel Robert	33,33%	
Sakami	Luc Lamarche	50%	1 % NSR on 69 claims
	Jean-Raymond Lavallée	50%	
Apple	Virginia Mines Ltd	100%	2% NSR of which 1% may be purchased for an amount of $1,000,000

RELATED-PARTY TRANSACTIONS

Transactions with key Executives

A) During the year, the Company has incurred professional and consultants fees amounting to $12,400 ($42,000 in 2013) with a company controlled by its former chief financial officer. In relation with these transactions, no amount was payable as at January 31, 2014.

B) During the year, the Company has incurred professional and consultants fees amounting to $22,011 (Nil in 2013) with its chief financial officer. In relation with these transactions, $1,786 was payable as at January 31, 2014.

C) During the year, the Company incurred $546,219 ($52,206 in 2013) in exploration and evaluation assets, professional fees for $172,408 (Nil in 2013) general administrative expenses for $10,584 (Nil in 2013) with Consul-Teck Exploration Minière Inc., a company controlled by the President and Chief Executive Officer of the Company. In addition, the Company issued 1,500,000 common shares pursuant to shares for debt Agreement of $75,000. In relation with these transactions, $363,840 was payable to Consul-Teck Exploration Minière Inc. as at January 31, 2014.

All expenses incurred by Consul-Teck Exploration Minière Inc. on the Company's behalf are invoiced at cost plus 10%.

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

D) In July 2012, the Company signed an option agreement to acquire a 100% interest in the North Shore Package properties from several individuals, including Jean-Sébastien Lavallée. Under this agreement, the Company issued to Mr. Lavallée 1,500,000 common shares.

The President of the Company also owns 33.33% royalty of the 2% NSR royalty on the said property. Half of the royalty can be redeemed by the Company for the sum of $1,000,000.

E) In April 2012, the Company signed an option agreement to acquire a 100% interest in the Champagne property from several individuals, including Jean-Sébastien Lavallée. Under this agreement, the Company paid to Mr. Lavallée $20,000 in cash and issued 1,400,000 common shares.

The President of the Company also owns 33.33% royalty of the 2% NSR royalty on the said property. Half of the royalty can be redeemed by the Company for the sum of $1,000,000.

F) In February 2012, the Company signed an option agreement to acquire a 100% interest in the La Loutre property from several individuals, including Jean-Sébastien Lavallée. Under this agreement, the Company paid to Mr. Lavallée $10,000 in cash and issued 866,666 common shares.

The President of the Company also owns 33.33% royalty of the 1.5% NSR royalty on the said property. The Company has the option to purchase 0.5% of this NSR royalty for $500,000.

These transactions are measured at amount of consideration established and agreed by the related parties.

Transactions with Board of Directors

G) During the year, the Company sold for $25,000 (tax included) the equipment to a company controlled by a former director. In relation with this transaction, $25,000 was receivable as at January 31, 2014.

H) During the comparative 2013 year, the Company has incurred professional and consultants fees amounting to $138,000 and accounting fees for $42,000 with companies controlled by Directors of the Company. In relation with these transactions, no amount was payable as at January 31, 2014 ($11,341 in 2013).

I) During the comparative 2013 year, the Company paid $79,087 for lease of office with a company controlled by a former director of the Company.

The transactions are in the normal course of operations and are measured at amount of consideration established and agreed by the related parties.

SIGNIFICANT ACCOUNTING POLICIES

Overall considerations

The significant accounting policies and measurement bases that have been applied in the preparation of these financial statements are summarized below.

Exploration and evaluation expenditures, and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of the initial search of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit and loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit and loss before reclassification.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Disposal of interest in connection with option agreement

On the disposal of interest in connection with the option agreement, the Company does not recognize expenses related to the exploration and evaluation performed on the property by the acquirer. In addition, the cash or the shares consideration received directly from the acquirer is credited against the carrying amount of costs previously capitalized to the property, and the surplus is recognized as a gain on the disposal of exploration and evaluation assets in profit or loss.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment.

Amortization is calculated on the straight-line basis over the useful lives of the assets as follows:

Furniture and equipment	5 years
Leasehold improvements	5 years

Additions during the year are amortized at one-half the annual rates.

Share-based payments

The Company has a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods using the Black-Scholes Options Pricing Model. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is credited to contributed surplus.

Share-based payments (except options to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Share-based payments to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to Contributed surplus, in equity.

Impairment of exploration and evaluation assets and property and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- The right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- No further exploration or evaluation expenditures in the area are planned or budgeted;
- No commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- Sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss sis recognized in profit or loss for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss sis reversed of the assets or cash-generating units recoverable amount exceeds its carrying amount.

Capital share

The Company uses the residual value method with respect to the measurement of common shares and share purchase warrants issued as private placement units. The proceeds from the issue of units is allocated between common shares and share purchase warrants on a residual value basis, wherein the fair value of the common shares is based on the market value on the date of announcement of the private placement and the balance, if any, is allocated to the attached warrants.

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when options and warrants are exercised, the share capital account also comprises the compensation costs previously recorded as contributed surplus.

In addition, if the shares are issued in an acquisition of property, shares are measured at fair value based on stock price on the day of the conclusion of the agreement.

Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted loss per share is computed using the treasury stock method. In accordance with the treasury stock method, the weighted average number of common shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting years.

Tax credits receivable

The Company is entitled to a refundable tax credit on qualified exploration expenditures incurred and refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration costs incurred based on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them.

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transactions costs, except for those carried at fair value through profit and loss, which are measured initially at fair value. The subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the category upon initial recognition:

- Loans and receivables.

All financial assets, except for those at fair value through profit or loss, are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment.

They are carried at amortized cost less any impairment. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would not be material. Cash, cash reserved for exploration and evaluation and other receivables are included in this category of financial assets.

Classification and subsequent measurement of financial liabilities

The Company classifies its financial liabilities in the category other financial liabilities.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of operations over the year to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

Income taxes

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the year, which is calculated using tax rates that have been enacted or substantively enacted by the reporting date. However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are accounted for using the liability method that requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference based on currently enacted or substantially enacted tax rates that are expected to be in effect when the underlying items of income or expense are expected to be realized. The effect of a change in tax rates or tax legislation is recognized in the year of substantive enactment. Deferred tax assets, such as non-capital loss carry-forwards or deductible temporary difference, are recognized to the extent it is probable that taxable profit will be available against which the asset can be utilized. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention ot set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they are relate to items that are recognized in other comprehensive loss or directly in equity, in which case the related deferred tax is also recognized in other comprehensive loss or equity, respectively.

Foreign currency translation

The functional and reporting currency of the Company is the Canadian dollar.

Critical accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Significant areas requiring the use of management estimates relate to determining the recoverability of exploration and evaluation assets, the determination of the recoverability of amounts receivable and tax credit, the variables used in the determination of the fair value of stock options granted and warrants issued, the determination of the recoverability of deferred tax assets and the Company's ability to continue as a going concern. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Provisions and contingent liabilities

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Segmented information

The Company's operations consist of a single operating segment being the sector of exploration and evaluation of mineral resources and all operations are located in Canada.

Flow-through shares

Issuance of flow-through units represents an issue of ordinary shares, warrants and the sale of the right to tax deductions to the investors. When the flow-through units are issued, the sale of the right to tax deductions is deferred and presented in other liability in the statement of financial position. The proceeds received from flow-through placements are allocated between share and any warrants issued, if any, and the other liability using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and then to warrants according to the fair value at the time of issuance and the residual proceeds, if any, is allocated to the other liability. The fair value of the warrants is estimated using the Black-Scholes model.

The other liability recorded is reversed on renouncement of the right to tax deductions to the investors or when the Company has the intention to renounce of tax deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income taxes expense.

CERTIFICATION OF ANNUAL FILINGS

The President and Chief Executive Officer and the Chief Financial Officer have signed the Basic Certifications of Annual Filings as required by National Instrument 52-109 for the venture issuer, thus confirming, the review, the absence of misrepresentations and the fair presentation of the annual filings.

- The President and Chief Executive Officer and the Chief Financial Officer confirm to have reviewed the annual financial statements and the annual MD&A (together, the "annual filings") of the Company for the exercise ended January 31, 2014.

- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

- Based on their knowledge, having exercised reasonable diligence, the President and Chief Executive Officer and the Chief Financial Officer confirm that the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the period presented in the annual filings.

OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

The following selected financial information data is derived from the unaudited condensed interim financial statements at the periods indicated.

EXPLORATION AND EVALUATION ASSETS

	January 31	
	2014	**2013**
Balance, beginning of period	**$ 2 647 761**	$ 1 911 044
Add:		
Acquisition of exploration and evaluation assets	**547 763**	687 241
Drilling	**331 105**	-
Metallurgical test	**8 782**	-
Geology and geophysics	**157 536**	196 504
Analysis	**56 053**	102 583
General exploration and evaluation expenses	**20 674**	70 857
	1 121 913	1 057 185
Balance, before deduction	**3 769 674**	2 968 229
Tax credit related to resources	**362 049**	-
Write-off	**2 387 473**	**320 468**
	2 749 522	320 468
Balance, end of period	**$ 1 020 152**	$ 2 647 761

MATERIAL COMPONENTS

	January 31		
	2014	**2013**	**2012**
Statements of Comprehensive Income			
Professional and consultant fees	**$ 268 951**	$ 350 089	$ 365 355
Write-off of mining properties and deferred exploration expenses	**2 387 473**	320 468	72 476
Stock-based payments	**$ 86 966**	$ 180 605	$ 843 142

	January 31		
	2014	**2013**	**2012**
Statements of Financial Position			
Cash reserved for exploration and evaluation	**$ 302 114**	$ -	$ -
Exploration and evaluation assets	**$ 1 020 152**	$ 2 647 761	$ 1 911 044

The following selected financial information is derived from the Company's unaudited financial statements.

DISCLOSURE OF OUTSTANDING SHARE DATA (as at May 28, 2014)

Common shares outstanding: 65,657,905

Options outstanding: 2,600,000

Average exercise price of: $ 0.15

Expiry date	Number of shares	Exercise price
		$
November 2015	450,000	0.10
January 2016	450,000	0.22
January 2016	100,000	0.30
February 2016	100,000	0.72
July 2017	200,000	0.10
October 2018	1,300,000	0.10
	2,600,000	

Warrants outstanding : 4,972,900

Average exercise price of: $ 0.13

Expiry date	Number of shares	Exercise price
		$
November 2014	2,050,000	0.10
December 2014	50,400	0.08
May 2016	2,872,500	0.15
	4,972,900	

Risks and Uncertainties

Canada Strategic is subject to a variety of risks, some of which are described below. If any of the following risks occur, the Company's business, results of operations or financial condition could be adversely affected in a material manner.

Exploration and mining risks. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, 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 Company from time to time increases its internal exploration and operating expertise with due advice from consultants and others as required. The economics of developing gold and other 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 bodies 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 an 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.

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.

Stage of development. The Company's properties are in the exploration stage, and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

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 hazards. Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure because of the high cost of premiums or for other reasons. The payment of any such liability could result in the loss of Company assets or the Company's insolvency.

Future financing. Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

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.

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).