

CANADIAN MANGANESE COMPANY INC.

CONDENSED INTERIM CARVE-OUT FINANCIAL STATEMENTS

Unaudited

For the nine-month period ended September 30, 2019

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim carve-out financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim carve-out financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

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Unaudited

For the nine-month period ended September 30, 2019

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CANADIAN MANGANESE COMPANY INC.
Condensed Interim Carve-out Statement of Financial Position
As at September 30, 2019

Unaudited

Expressed in Canadian Dollars	Notes	September 30, 2019	December 31, 2018
Assets		\$	\$
Current assets			
Cash and cash equivalents	6	2,048	4,682
Trade and other receivables		225	112
Total current assets		2,273	4,794
Non-current assets			
Exploration and evaluation assets	5	4,644,190	4,637,333
Total non-current assets		4,644,190	4,637,333
Total assets		4,646,463	4,642,127
Equity and liabilities			
Current liabilities			
Trade and other payables		-	-
Total current liabilities		-	-
Shareholder's Equity			
Owner's investment		4,646,463	4,642,127
Total shareholder's equity		4,646,463	4,642,127
Total shareholder's equity and liabilities		4,646,463	4,642,127

COMMITMENTS AND CONTINGENCIES (Notes 2 and 8)

The financial statements were approved by the Board of Directors and signed on its behalf by:

Signed "John F. Kearney" , Director Signed "Danesh K. Varma" , Director

See accompanying notes to the financial statements

CANADIAN MANGANESE COMPANY INC.**Condensed Interim Carve-out Statement of Loss and Comprehensive Loss****For the three and nine month periods ended September 30, 2019***Unaudited*

Expressed in Canadian Dollars	Notes	Three months		Nine months	
		ended September 30, 2019	ended September 30, 2018	ended September 30, 2019	ended September 30, 2018
				\$	\$
General and administrative expenses:					
Professional fees		-	225	225	225
Filing fees		-	200	200	220
Office expenses		86	42	218	151
Management fee	4	16,168	54,839	97,333	164,518
Loss before other items		16,254	55,306	97,976	165,114
Total loss and comprehensive loss for the period		16,254	55,306	97,976	165,114

See accompanying notes to the financial statements

CANADIAN MANGANESE COMPANY INC.
Condensed Interim Carve-out Statement of Changes in Equity
For the nine-month period ended September 30, 2019

Unaudited

Expressed in Canadian Dollars	Owner's investment
	\$
Balance as at December 31, 2017	4,627,650
Contribution by owner	170,381
Total comprehensive loss for the period	<u>(165,114)</u>
Balance as at September 30, 2018	4,632,917
Contribution by owner	63,976
Total comprehensive loss for the year	<u>(54,766)</u>
Balance as at December 31, 2018	4,642,127
Contribution by owner	102,312
Total comprehensive loss for the period	<u>(97,976)</u>
Balance as at September 30, 2019	<u>4,646,463</u>

See accompanying notes to the financial statements

CANADIAN MANGANESE COMPANY INC.
Condensed Interim Carve-out Statement of Cash Flow
For the nine-month period ended September 30, 2019
Unaudited

Expressed in Canadian Dollars	Notes	September 30, 2019	September 30, 2018
		\$	\$
Cash flow from operating activities			
Loss for the period		(97,976)	(165,114)
		(97,976)	(165,114)
Movements in working capital			
(Decrease)/increase in trade and other receivables		(113)	43
(Increase)/decrease in trade and other payables		-	-
Net cash flows used in operating activities		(98,089)	(165,071)
Cash flows from investing activities			
Investment in exploration and evaluation assets		(6,857)	(7,257)
Net cash flows from/(used in) investing activities		(6,857)	(7,257)
Cash flows from financing activities			
Owner's investment		102,312	170,381
Net cash flows from financing activities		102,312	170,381
Net (decrease)/increase in cash and cash equivalents		(2,634)	(1,947)
Cash and cash equivalents at the beginning of the period		4,682	4,657
Cash and cash equivalent at the end of the period		2,048	2,710

See accompanying notes to the financial statements

CANADIAN MANGANESE COMPANY INC.
Notes to the Condensed Interim Carve-out Financial Statements
For the nine-month period ended September 30, 2019

Unaudited

Expressed in Canadian dollars, unless noted and per share amounts

1. BASIS OF PRESENTATION

These condensed interim carve-out financial statements reflect the financial position, statement of operations and comprehensive loss, equity and cash flows related to assets and liabilities of Canadian Manganese Company Inc. (the "Company" or "Canadian Manganese"). The Company was incorporated on June 13, 2011 under the laws of Canada. The Company has been a wholly owned subsidiary of Buchans Resources Limited. ("Buchans"). The Company has interests in exploration and evaluation properties located in New Brunswick. Substantially all of the Company's efforts are devoted to financing and developing these properties. The Company's head office is located at 55 University Ave., Toronto, Ontario, M5J 2H7.

As Canadian Manganese has not historically prepared financial statements, the condensed interim carve-out financial statements have been prepared from the financial records of Buchans on a carve-out basis. The Condensed Interim Carve-out Statement of Financial Position include all of the Canadian Manganese Net Assets. The Condensed Interim Carve-out Statement of Operations and Comprehensive Loss for each of the periods ended September 30, 2019 and 2018 reflect all expenses and other income directly attributable to the Canadian Manganese Net Assets and Buchans' general and administrative expenses incurred in each of those years, as these expenditures were shared by the Canadian Manganese Net Assets. In some instances, certain expenses were not allocated as they would have related directly to Buchans. All inter-entity balances and transactions have been eliminated.

These condensed interim carve-out financial statements of the Company have been prepared applying principles in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These condensed interim carve-out financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited carve-out financial statements for the year ended December 31, 2018 prepared in accordance with IFRS.

These condensed interim carve-out financial statements have been prepared based upon the historical cost amounts recorded by Buchans, with the exception of certain financial instruments measured at fair value. These condensed interim carve-out financial statements may not be indicative of Canadian Manganese financial performance and do not necessarily reflect what its financial position, results of operations, and cash flows would have been had Canadian Manganese operated as an independent entity during the years presented.

2. NATURE OF OPERATIONS AND GOING CONCERN

There has been no determination whether the Company's interests in its properties contain mineral resource which are economically recoverable. The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted. Major expenditures are required to locate and establish reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The Company's continued existence is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition. Although the Company has taken steps to verify title to properties in which it has an interest in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory requirements. The Company's properties may also be subject to increases in taxes and royalties, renegotiating contracts and political uncertainty.

Canadian Manganese has incurred losses in all periods provided and has a working capital deficiency at September 30, 2019. Canadian Manganese has been dependent on its parent company, Buchans, to provide financing cash flows to date. There can be no assurance that financing activities will continue, or if the Company will be able to arrange financing. These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Several conditions discussed below create a material uncertainty and significant doubt about the Company's ability to continue as a going concern.

At September 30, 2019, the Company had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the development of its business. The Company relies on equity financing to fund its working capital requirements. The Company will need to generate additional financial resources in order to fund its planned exploration programs (see Note 5. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will continue to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company may be required to discontinue operations and exploration activities.

CANADIAN MANGANESE COMPANY INC.
Notes to the Condensed Interim Carve-out Financial Statements
For the nine-month period ended September 30, 2019

Unaudited

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Relationship with Buchans

Buchans' net investment in Canadian Manganese is shown as owner's net investment in these carve-out financial statements. Changes in owner's net investment include net (loss)/income and net transfers to and from Buchans.

Accounting Changes

On January 1, 2019, the Company adopted the new and amended IFRS pronouncements, including IFRS 16, Leases ("IFRS 16"), in accordance with transitional provision outlined in the respective standards. The adoption of these standards did not have a material impact on the consolidated results and financial position of the Company.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS Standards issued but not yet effective:

IAS 1	Presentation of financial statements
IFRS 3	Business combinations
IFRS 3 and IFRS 11	Joint arrangements
IFRS 10 and IAS 28	Investments in Associates and Joint Ventures

The Company has not yet determined the impact of these amendments on its financial statements.

4. RELATED PARTY TRANSACTIONS

The remuneration of Directors, who are the key management personnel of the Company, is set out below in accordance with IAS 24 'Related Party Disclosures'.

No fees were paid by the Company to directors for their services as directors of the Company in the periods ended September 30, 2019 and 2018.

These carve-out financial statements include an allocation of general and administrative expenses estimated to relate to the Company and presented as management fees in the statement of loss.

5. EXPLORATION AND EVALUATION ASSETS

All exploration and evaluation assets are carried at cost less any applicable impairment provision. No impairment provision was recognized at September 30, 2019.

Exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believe its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The realisation of the exploration and evaluation assets is dependent on the successful development of economic resources, including the ability to raise finance to develop the projects. Should this prove unsuccessful the value included in the statement of financial position would be written off. By its nature there is inherent uncertainty in such expenditure as to the value of the asset.

The Company holds a 100% interest in the Woodstock project located northwest of the town of Woodstock, New Brunswick. A portion of the project is subject to a 1% gross sales royalty upon commencement of commercial production, with the Company retaining certain rights to buy back one half of the royalty.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value, with a maturity of three months or less from the date of investment.

7. CAPITAL STOCK

The Company has authorized and unlimited number of common shares.

See Note 11.

CANADIAN MANGANESE COMPANY INC.
Notes to the Condensed Interim Carve-out Financial Statements
For the nine-month period ended September 30, 2019

Unaudited

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8. COMMITMENTS AND CONTINGENCIES

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

9. FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures.

Fair value

The Company has designated its short-term investments as fair value through profit or loss ("FVPL"), which are measured at fair value. Cash and receivables and other assets are measured at amortized cost. Trade and other payables and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost.

As at September 30, 2019, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair Value Hierarchy

The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). At September 30, 2019, the Company's financial instruments that are carried at fair value, consisting of marketable securities, have been classified as Level 1 within the fair value hierarchy.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by major banks with a credit rating of at least BBB-. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Credit risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's risk is low as it is primarily attributable to funds held in banks.

Commodity price risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals, particularly gold.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2019, the Company had cash of \$2,048 (December 31, 2018 - \$4,682) to settle accounts payable and accrued liabilities of \$Nil (2018 - \$Nil). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk with respect to its marketable securities and unfavourable market conditions could result in dispositions of marketable securities at less than favorable prices.

Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain and explore its exploration assets. The capital structure of the Company consists of shareholders' equity.

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9. CAPITAL MANAGEMENT

The capital of the Company consists primarily of its shareholders' equity.

The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, development and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. All equity financings require the approval of the Board of Directors.

The Company invests all capital that is surplus to its immediate operational needs in short term, highly-liquid financial instruments, such as short term guaranteed investment certificates, held with a major Canadian financial institution.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes to the Company's approach to capital management during the periods ended September 30, 2019 and 2018. The Company is not subject to externally imposed capital requirements.

11. SUBSEQUENT EVENTS

On October 28, 2019, in connection with the capitalization of intercompany debt, 54,868,716 common shares of the Company were issued to Buchans Resources Limited ("Buchans") (the Company's sole shareholder at that time), resulting in a total of 59,868,716 common shares outstanding, all of which were held by Buchans.

On October 28, 2019, the Company entered into an Arrangement Agreement with Buchans and Minco Exploration Limited to effect a Plan of Arrangement involving a group reorganisation whereby Buchans agreed to distribute to its shareholders, pro rata, all of the shares of the Company, and exchangeable warrants entitling shareholders to receive shares of Minco Exploration or additional shares of Buchans, at the option of the warrant holder.

On December 31, 2019, Buchans filed Articles of Arrangement to implement the Plan of Arrangement, which had been approved by Buchans shareholders on December 10, 2019, and by the Ontario Superior Court of Justice on December 19, 2019, and Buchans distributed all its 59,868,716 shares of the Company to Buchans shareholders, on the basis of one share of Canadian Manganese for each share of Buchans held.

Subsequent to December 31, 2019, the Company received an advance in the amount of \$100,000 from a director to fund working capital expenses, pending completion of a planned private placement financing. The advance is unsecured, non-interest bearing and is repayable on demand.