

CANADIAN MANGANESE COMPANY INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

Unaudited

For the three-month period ended March 31, 2020

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim 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 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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<i>INDEX</i>	<i>PAGE</i>
Condensed Interim Statements of Financial Position	1
Condensed Interim Statements of Loss and Comprehensive Loss	2
Condensed Interim Statements of Changes in Equity	3
Condensed Interim Statements of Cash Flows	4
Notes to the Condensed Interim Financial Statements	5-8

CANADIAN MANGANESE COMPANY INC.
Condensed Interim Statements of Financial Position
As at March 31, 2020
Unaudited

Expressed in Canadian Dollars	Notes	March 31, 2020	December 31, 2019
Assets		\$	\$
Current assets			
Cash and cash equivalents	6	94,547	472
Trade and other receivables		1,691	147
Total current assets		96,238	619
Non-current assets			
Exploration and evaluation assets	5	4,657,071	4,653,700
Total non-current assets		4,657,071	4,653,700
Total assets		4,753,309	4,654,319
Equity and liabilities			
Current liabilities			
Trade and other payables	7	134,377	124,493
Total current liabilities		134,377	124,493
Other liabilities			
Advance from director		100,000	-
Total current liabilities		100,000	-
Shareholder's Equity			
Share capital	8	5,668,449	5,668,449
Retained earnings		(1,149,517)	(1,138,623)
Total shareholder's equity		4,518,932	4,529,826
Total shareholder's equity and liabilities		4,753,309	4,654,319

COMMITMENTS AND CONTINGENCIES (Notes 2 and 9)

The financial statements were approved by the Board of Directors on April 29, 2020 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 Statements of Loss and Comprehensive Loss****For the three-month period ending March 31, 2020 and 2019***Unaudited*

Expressed in Canadian Dollars	Notes	March 31, 2020 \$	March 31, 2019 \$
General and administrative expenses:			
Professional fees		3,385	12,845
Salaries		-	1,327
Shareholders and investors expense		3,360	4,674
Office expenses		4,149	417
Loss before other items		10,894	19,263
Total loss and comprehensive loss for the period		10,894	19,263
Loss per share			
Basic and diluted		(0.000)	(0.004)
Weighted average common share outstanding			
- Basic and diluted		31,306,919	5,000,000

See accompanying notes to the financial statements

CANADIAN MANGANESE COMPANY INC.**Condensed Interim Statements of Changes in Equity***Unaudited*

Expressed in Canadian Dollars	Share Capital	Retained Earnings	Owner's net investment	Total
	\$	\$	\$	\$
Balance as at December 31, 2018	-	-	4,642,127	4,642,127
Total comprehensive loss for the period	-	-	(19,263)	(19,263)
Balance as at March 31, 2019	-	-	4,622,864	4,622,864
Transfers to and from Owner, net	-	-	5,000	5,000
Reorganization (Note 2)	5,668,449	(1,021,322)	(4,647,127)	-
Total comprehensive loss for the period	-	(117,301)	19,263	(98,038)
Balance as at December 2019	5,668,449	(1,138,623)	-	4,529,826
Total comprehensive loss for the period	-	(10,894)	-	(10,894)
Balance as at March 31, 2019	5,668,449	(1,149,517)	-	4,518,932

See accompanying notes to the financial statements

CANADIAN MANGANESE COMPANY INC.**Condensed Interim Consolidated Statements of Cash Flows****For the three-month period ended March 31, 2020 and 2019***Unaudited*

Expressed in Canadian Dollars	Notes	March 31, 2020 \$	March 31, 2019 \$
Cash flow from operating activities			
Loss for the period		(10,894)	(19,263)
		(10,894)	(19,263)
Movements in working capital			
(Decrease)/increase in trade and other receivables		(1,543)	(83)
Increase/(decrease) in trade and other payables		9,883	19,146
Cash used in operating activities		(2,554)	(200)
Cash flows from investing activities			
Investment in exploration and evaluation assets		(3,371)	(2,357)
Net cash flows from/(used in) investing activities		(3,371)	(2,357)
Cash flows from financing activities			
Advance from director		100,000	-
Net cash flows from financing activities		100,000	-
Net (decrease)/increase in cash and cash equivalents		94,075	(2,557)
Cash and cash equivalents at the beginning of the year		472	4,682
Cash and cash equivalent at the end of the period	6	94,547	2,125

See accompanying notes to the financial statements

CANADIAN MANGANESE COMPANY INC.

Notes to the Financial Statements

For the three-month period ended March 31, 2020

Expressed in Canadian dollars, unless noted and per share amounts

1. BASIS OF PRESENTATION AND COMPANY REORGANISATION

These financial statements reflect the financial position, statement of loss 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.

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.

As Canadian Manganese has not historically prepared financial statements for the entire period reported, the financial statements for the period ended March 31, 2019 were prepared from the financial records of Buchans on a carve-out basis. The Statements of Loss and Comprehensive Loss for the period ended March 31, 2019 reflect all expenses and other income directly attributable to the Canadian Manganese Net Assets.

The financial statements were approved by the Board of Directors of Canadian Manganese on April 29, 2020.

These condensed interim financial statements of the Company were prepared 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"). The accounting policies set out below were consistently applied to all periods presented, unless otherwise noted.

These condensed interim 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 financial statements for the year ended December 31, 2019 prepared in accordance with IFRS.

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except cash flow information.

2. NATURE OF OPERATIONS AND GOING CONCERN

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.

There has been no determination whether the Company's interests in its properties contain mineral resources which are economically recoverable. 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 mineral deposits, to develop metallurgical processes and to construct mining and processing facilities at a particular site. 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 evaluation activities, the Company is required to hold certain permits.

Canadian Manganese has incurred losses in all periods provided and has a working capital deficiency at March 31, 2020. Canadian Manganese has been dependent on its parent company, Buchans, to provide financing cash flows to December 31, 2019. The Company will need to generate additional financial resources in order to fund its planned exploration and development programs (see Note 5). There can be no assurance that 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 cast significant doubt about the Company's ability to continue as a going concern.

CANADIAN MANGANESE COMPANY INC.

Notes to the Financial Statements

For the three-month period ended March 31, 2020

Expressed in Canadian dollars, unless noted and per share amounts

2. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

The Company's continued existence is dependent upon its ability to obtain necessary financing to continue exploration and evaluation of its mineral assets and to complete development and future profitable production or upon proceeds from disposition. At March 31, 2020, the Company had a working capital deficiency, had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the development of its business.. 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.

The Company's operations could be significantly adversely affected by the effects of the global spread of the contagious coronavirus, causing the recent outbreak of COVID-19 respiratory disease which was declared a pandemic by the World Health Organization on March 11, 2020, The Company cannot accurately predict the impact the COVID-19 pandemic will have on its operations, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, the impact on schedules and timelines for planned operations or exploration programs and the length of travel and quarantine restrictions imposed by governmental authorities. In addition, this widespread health crisis has adversely affected the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Relationship with Buchans

Until the 2019 group reorganisation was completed, Buchans' net investment in Canadian Manganese was shown as owner's net investment in the financial statements. Changes in owner's net investment include net (loss)/income and net transfers to and from Buchans.

Accounting Changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2020 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 10	Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28")

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

4. RELATED PARTY TRANSACTIONS

No fees were paid by the Company to directors for their services as directors of the Company in the three-month periods ended March 31, 2020 and 2019. During the period 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.

At March 31, 2020, the Company has accrued \$121,506 (2019 - \$109,191) payable to Buchans covering an allocation of administration costs and services and inter-company advances. The amount is included in trade and other payables, is unsecured, non-interest bearing and is due on demand.

CANADIAN MANGANESE COMPANY INC.**Notes to the Financial Statements****For the three-month period ended March 31, 2020**

Expressed in Canadian dollars, unless noted and per share amounts

5. EXPLORATION AND EVALUATION EXPENDITURES ASSETS

The Company holds a 100% interest in the Woodstock manganese project located northwest of the town of Woodstock, in west-central New Brunswick. A portion of the property 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.

All exploration and evaluation assets are carried at cost less any applicable impairment provision. No impairment provision was recognized at March 31, 2020.

The realisation of the exploration and evaluation assets is dependent on the successful discovery, development of economic mineral 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 impaired. By its nature there is inherent uncertainty in the realisation of the exploration and evaluation assets.

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. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	December 31, 2019
	\$	\$
Trade creditors and accruals	12,870	15,303
Amounts due to related parties (Note 4)	121,506	109,191
	<u>134,377</u>	<u>124,493</u>

8. SHARE CAPITAL**Authorized**

Unlimited number of common shares

Issued

	Shares	Amount \$
Balance at December 31, 2018	5,000,000	544,004
Shares issued in capitalization of inter-company debt	54,868,716	5,124,444
Balance at December 31, 2019 and March 31, 2020	<u>59,868,716</u>	<u>5,668,449</u>

On October 28, 2019, in connection with the capitalization of intercompany debt, 54,868,716 common shares of the Company were issued to Buchans, resulting in a total of 59,868,716 common shares outstanding at that date, all of which were held by Buchans.

On December 31, 2019, Buchans filed Articles of Arrangement to implement the Plan of Arrangement and the 59,868,716 shares of the Company were distributed to Buchans shareholders, on the basis of one share of Canadian Manganese for each share of Buchans held. On implementation of the Arrangement, the Company allocated the Owner's net investment within equity to share capital and deficit.

9. 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.

CANADIAN MANGANESE COMPANY INC.

Notes to the Financial Statements

For the three-month period ended March 31, 2020

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10. 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 during the financial statement reporting periods.

Fair value

The carrying amounts for cash, amounts receivable, and accounts payable and accrued liabilities on the statements of financial position approximate fair value because of the limited term of these instruments.

Interest rate risk

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. The Company has no interest-bearing debt.

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 and metals, particularly manganese.

Fair Value Hierarchy and Liquidity Risk Disclosure

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 March 31, 2020, the Company had no financial instruments.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. 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.

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.

11. 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, done primarily through equity financing, to support the exploration, development and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. 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 years ended March 31, 2020 and 2019. The Company is not subject to externally imposed capital requirements.