



CANADIAN MANGANESE CO. INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020

Dated May 1, 2020

(Form 51-102F1)

**CANADIAN MANGANESE CO. INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020**

Dated: May 1, 2020

The following management discussion and analysis ("MD&A") of financial condition and results of operations of Canadian Manganese Co. Inc. ("Canadian Manganese" or the "Company"), compares the condensed interim financial results for the three-month period ended March 31, 2020 with those of the three-month period ended March 31, 2019.

For a more complete understanding of the Company's financial condition and results of operations, this MD&A should be read together with the audited consolidated financial statements and the accompanying notes for the year ended December 31, 2019, a copy of which is filed on the SEDAR website at www.sedar.com.

All amounts in this discussion are expressed in Canadian dollars, unless identified otherwise.

COMPANY OVERVIEW

Canadian Manganese was incorporated under the Canada Business Corporations Act on June 13, 2011 for the purpose of acquiring the Woodstock manganese property in New Brunswick and to pursue the exploration and development of the project to produce speciality manganese metals. Canadian Manganese's business objective is to advance the development of its Woodstock project to become a supplier of High Purity Manganese (Mn) metals for the lithium-ion battery industry.

Canadian Manganese was a wholly-owned subsidiary of Buchans Resources Limited ("Buchans"), until December 31, 2019, at which time Buchans distributed to its shareholders all of the shares of Canadian Manganese on the basis on one share of Canadian Manganese for each share of Buchans held. The Company became a reporting issuer in the provinces of British Columbia, Alberta, Nova Scotia and Newfoundland and Labrador, with 59,868,716 common shares issued and outstanding, held by an estimated 1,200 beneficial shareholders.

Manganese has been defined by the Canadian and US governments as a strategic metal that is essential for national defense, aerospace, technology and energy that is highly susceptible to supply interruptions due to the lack of domestic production. Currently, 100% of the electrolytic manganese metal that is consumed in North America and Europe is imported from other countries, most notably from China which controls over 95% of the global supply, and from South Africa—the only other producer outside of China.

Woodstock Manganese Carbonate Project

Canadian Manganese holds the Woodstock manganese property In New Brunswick containing the Plymouth manganese-iron deposit with an Inferred Resource of 44,770,000 tonnes grading 9.85% manganese, the equivalent of 9.72 billion pounds of contained manganese, and on which a positive preliminary economic assessment, NI 43-101 technical report ("PEA") was completed in 2014. Canadian Manganese believes its Woodstock property hosts the largest manganese carbonate deposit in North America and one of the largest in the world outside China.

The Woodstock property is located in Carleton County, five km west of the town of Woodstock, in west-central New Brunswick. The property is well situated with respect to infrastructure and is located less than 4 kilometres west of the Trans-Canada Highway and less than one kilometre north of US Interstate Highway I-95 to Houlton, Maine. Access to the property is available by New Brunswick Provincial Government maintained paved roads extending from the main Trans-Canada Highway network.

Advancements in electric vehicle manufacturing are transforming the entire global automobile industry and driving increased battery demand. Manganese is a key component in the formulations of the cathode material used in high-performance lithium-ion batteries, and in utility bulk energy storage facilities, which are expected to create strong demand for high-purity manganese products. The Li ion battery market is growing exponentially with projected increased production of electric vehicles. NMC (nickel/manganese/cobalt) batteries are becoming the rechargeable battery of choice for next-generation automotive and industrial uses.

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Canadian Manganese plans to continue further evaluation and development work on its Woodstock's deposit and seek opportunities in the Li-ion battery industry to unlock Woodstock's potential.

Canadian Manganese's working capital is dependent upon the successful closing of a planned private placement of Canadian Manganese shares to undertake work programs to further evaluate the Woodstock Project as a possible open pit mine and processing facility to supply high-purity manganese products for the rechargeable battery industry. It is anticipated that such programs will include a market assessment for these commodities, as well as additional metallurgical test work as may be required to demonstrate production of high-purity manganese chemicals and compounds.

Canadian Manganese plans to take steps to apply for a stock exchange listing, subject to market and trading conditions and obtaining any necessary approvals, on the Canadian Securities Exchange (CSE).

The Company's operations could be significantly adversely affected by the effects of the global outbreak of COVID-19 respiratory illness caused by the coronavirus. Canadian Manganese cannot predict the impact COVID-19 will have on its operations, including uncertainties relating to the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments.

The schedule and timelines for planned evaluation and development programs will depend on the stabilization of the COVID-19 pandemic. The Company is following the instructions and advice of Provincial and Federal health professionals and government officials, as well as industry-wide best practice guidelines to help limit the spread of COVID-19.

In addition, COVID-19 could result in a worldwide economic crisis that could adversely affect financial markets, that could further affect the Company and its ability to finance its planned operations.

EXPLORATION AND EVALUATION ASSETS

	March 31, 2020 \$	Additions 2020 \$	December 31 2019 \$	Additions 2019 \$	December 31 2018 \$
Woodstock	4,657,071	3,371	4,653,700	16,367	4,637,333

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RESULTS OF OPERATIONS

Canadian Manganese was a wholly owned subsidiary of Buchans until December 31, 2019.

The Company recorded no revenue in the three months ended March 31, 2020 or March 31, 2019.

For the three months ended March 31, 2020, the Company recorded a loss of \$10,894, compared to a loss of \$19,263 for the three month period ended March 31, 2019.

SUMMARY OF QUARTERLY RESULTS

Expressed in \$000's, Except for per share amounts	March 31 2020	Dec. 31 2019	Sept 30 2019	June 30 2019	March 31 2019	Dec. 31 2018	Sept 30 2018	June 30 2018
	\$	\$	\$	\$	\$	\$	\$	\$

Net (loss) gain	(11)	(30)	(29)	(29)	(19)	(55)	(55)	(55)
Net (loss) gain per share								
- basic and diluted	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Total assets	4,753	4,654	4,646	4,647	4,642	4,642	4,633	4,633
Working capital/ Deficiency	(38)	(124)	2	5	2	5	2	4

LIQUIDITY AND CAPITAL RESOURCES

Canadian Manganese was a wholly owned subsidiary of Buchans until December 31, 2019.

Current assets at March 31, 2020 were \$96,238 compared to \$619 at December 31, 2019. Accounts payable and accrued liabilities increased to \$134,377 at March 31, 2020 from \$124,493 at December 31, 2019.

At March 31, 2020, Canadian Manganese held mineral properties with a combined book value of \$4,653,700. The balance sheet values for these assets may not represent that which could be obtained if the assets were to be offered for sale.

Prior to December 31, 2019, the Company has relied on advances from its parent Buchans to fund its working capital requirements. At March 31, 2020, the Company had working capital of \$85,925 (excluding an advance of \$122,000 due to Buchans) and expects to incur further losses in the development of its business. Canadian Manganese's liquidity is dependent upon the successful closing of a planned private placement of Canadian Manganese shares. During the quarter, the Company received an advance in the amount of \$100,000 from a director to fund working capital expenses, pending completion of the planned private placement financing.

There is no assurance that the Canadian Manganese planned private placement financing will be completed. The Company will need to generate additional financial resources in order to fund its planned programs. Going forward, the Company will need to rely on equity financing to generate additional financial resources to fund its working capital requirements and to fund its planned programs.

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 quarter, 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.

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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.

CRITICAL ACCOUNTING ESTIMATES

Canadian Manganese's financial statements are prepared in accordance with IFRS and require management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuation of tax accounts. Canadian Manganese regularly reviews its estimates and assumptions, however actual results could differ from these estimates and these differences could be material.

PRINCIPAL RISKS AND UNCERTAINTIES

The risk factors and uncertainties associated with the Company's business are described in detail in the Company's Managements Discussion and Analysis for the year ended December 31, 2019, as well as in the Company's Annual Financial Statements (under the headings "Nature of Operations and Going Concern" and "Significant Accounting Policies" and elsewhere within that document), all as filed on the SEDAR website at www.sedar.com. Such risks and uncertainties could have a material adverse effect on the Company's business, financial condition and/or results of operations.

The realization of mineral exploration assets is dependent on the development of economic mineral deposits and is subject to a number of significant potential risks, including:

Failure to Obtain Additional Financing

There can be no assurance that Canadian Manganese will be successful in obtaining any additional funding necessary to conduct exploration or evaluation, on Canadian Manganese' exploration properties, or any properties that may be acquired, or to develop mineral resources on such properties, if commercially mineable quantities of such resources are located thereon. Failure to obtain additional financing on a timely basis could cause Canadian Manganese to forfeit its interest in such properties. If additional financing is raised through the issuance of equity or convertible debt securities, the interests of shareholders in the net assets of Canadian Manganese may be diluted.

The COVID-19 pandemic is presenting unprecedented challenges to individual health, communities, jobs, businesses and economies, and specifically to public companies, shareholders and investors. The economic fallout from the COVID-19 pandemic will lead to the need for additional sources of financing while the pandemic-related market downturn and the need to manage cash in an uncertain economic environment brings into question the appropriateness and prudence of continuing with planned programs at previously anticipated levels.

The Company relies on equity financing to generate additional financial resources to fund its working capital requirements and to fund its planned exploration programs. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms.

Exploration, Development and Operating Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired, discovered or produced by Canadian Manganese may be

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affected by numerous factors that are beyond the control of Canadian Manganese and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in Canadian Manganese not receiving an adequate return of investment capital. Many of the properties in which Canadian Manganese holds an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained and a positive feasibility study is completed.

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. There is no assurance that Canadian Manganese' mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Canadian Manganese' operations will in part be directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis and at an acceptable cost.

In addition to the above, there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of interests in mineral properties and Canadian Manganese' continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of Canadian Manganese to raise additional financing, if necessary, or alternatively upon Canadian Manganese' ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Fluctuating Mineral Prices

Metal prices are subject to significant fluctuations and are affected by a number of factors which are beyond the control of Canadian Manganese. The principal factors include: diminished demand, which may arise if economic growth in China, North America, and/or Europe is not sustained, or if the expected growth in electric battery demand does not occur; increases in supply resulting from the discovery and the development of new sources of metals; and supply interruptions, due to changes in government policies, war, or international trade disputes or embargos. The effect of these factors on the future price of manganese and its effect on Canadian Manganese' operations cannot be predicted.

Environmental Risks and Hazards

Canadian Manganese' operations are subject to environmental regulations in the jurisdiction in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, 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.

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FINANCIAL RISK MANAGEMENT

Fair value

The carrying amounts for cash and cash equivalents, marketable securities amounts receivable and accounts payable and accrued liabilities on the carve-out consolidated statements of financial position approximate fair value because of the limited term of these instruments.

Liquidity risk

Canadian Manganese liquidity exposure is confined to meeting obligations under short term trade creditor arrangements. This exposure is financed from a combination of cash, additional issues of ordinary equity shares and other financing arrangements.

Further details of Canadian Manganese' financial risk management policies are set out in Note 11 of the December 31, 2019 audited financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company has 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. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

As at March 31, 2020, the carrying and fair value amounts of the Company's financial instruments were the same.

OUTSTANDING SHARE CAPITAL

Canadian Manganese has an authorized capital consisting of an unlimited number of common shares.

At March 31, 2020, and as at the date hereof, a total of 59,868,716 common shares were issued and outstanding.

FORWARD-LOOKING STATEMENTS

This management's discussion and analysis contains certain forward-looking statements relating to, but not limited to, Canadian Manganese' expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects changes in exchange rates, fluctuations in commodity prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Canadian Manganese undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.