



CANADIAN MANGANESE CO. INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the nine months ended September 30, 2020

Dated November 30, 2020

(Form 51-102F1)

**CANADIAN MANGANESE CO. INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

Dated: November 30, 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 nine-month period ended September 30, 2020 with those of the nine-month period ended September 30, 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") and its predecessor Buchans Minerals Corporation, until December 31, 2019, at which time it 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. The US has included manganese at number 19 on its list of 35 critical minerals. Currently there is no primary manganese mine production in the USA or Canada and 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 Battery Manganese Project

Canadian Manganese holds the Woodstock manganese property in New Brunswick containing the Plymouth manganese-iron deposit that hosts an Inferred Resource of 44,770,000 tonnes grading 9.85% manganese and on which a positive preliminary economic assessment, NI 43-101 technical report ("PEA") was completed in 2014,

Manganese at the Woodstock Plymouth Deposit predominately occurs as a manganese carbonate. Manganese carbonates are preferred, relative to higher-grade manganese oxide feed materials, for production of high-purity manganese metals. Canadian Manganese Woodstock deposit is believed to be the largest manganese carbonate (rhodochrosite) resource in North America and one of the largest in the world outside China.

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.

Advancements in electric vehicle manufacturing are transforming the entire global automobile industry and driving increased battery demand and it has been suggested that one third of all new cars sold worldwide could be electric by the end of the decade. The Li ion battery market is growing exponentially with projected increased production of electric vehicles. NMC (nickel/manganese/cobalt) batteries are becoming the most widely used

CANADIAN MANGANESE CO. INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

rechargeable battery for next-generation automotive and industrial uses. Manganese battery demand is expected to grow strongly.

At Tesla Battery Day on September 22, 2020, Tesla announced that it intends to use a nickel-manganese [NM] cathode/battery (2/3 nickel, 1/3 manganese) for its mid-range vehicles. Previously Tesla only used nickel-cobalt-alumina [NCA] for its cathodes, with no manganese. The main reason to shift towards manganese is that it is lower cost and relatively easy to source, especially when compared to cobalt. Tesla's deployment of manganese in its batteries is expected to drive an increase in high-purity manganese demand.

Canadian Manganese 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.

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. 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. The schedule and timelines for planned evaluation and development programs will depend on the stabilization of the COVID-19 pandemic.

The Company's operations could be significantly adversely affected by the effects of the widespread global outbreak of COVID-19 respiratory illness caused by the coronavirus. With the evolving 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. Canadian Manganese cannot accurately predict the impact COVID-19 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, and the length of travel and quarantine restrictions imposed by governments.

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. The COVID-19 pandemic has resulted in a widespread health crisis that has adversely affected economies and financial markets, resulting in an economic downturn that could further affect the Company and its ability to finance its planned operations.

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).

EXPLORATION AND EVALUATION ASSETS

	September 30, 2020 \$	Additions 2020 \$	December 31 2019 \$	Additions 2019 \$	December 31 2018 \$
Woodstock	4,660,671	6,971	4,653,700	16,367	4,637,333

CANADIAN MANGANESE CO. INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

RESULTS OF OPERATIONS

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

The Company recorded no revenue in the three or nine months ended September 30, 2020 or September 30, 2019.

For the three-month period ended September 30, 2020, the Company recorded a loss of \$18,328, compared to a loss of \$15,281 for the three-month period ended September 30, 2019.

For the nine-month period ended September 30, 2020, the Company recorded a loss of \$28,421, compared to a loss of \$35,631 for the nine-month period ended September 30, 2019.

SUMMARY OF QUARTERLY RESULTS

Expressed in \$000's, Except for per share amounts	Sept 30 2020 \$	June 30 2020 \$	March 31 2020 \$	Dec. 31 2019 \$	Sept 30 2019 \$	June 30 2019 \$	March 31 2019 \$	Dec. 31 2018 \$
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Net (loss) gain	(18)	1	(11)	(30)	(29)	(29)	(19)	(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	4,746	4,752	4,753	4,654	4,646	4,647	4,642	4,642
Working capital/ Deficiency	(59)	(40)	(38)	(124)	2	5	2	5

- The quarter ending June 30, 2020 included \$8,000 gain on disposal of used equipment

LIQUIDITY AND CAPITAL RESOURCES

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

Current assets at September 30, 2020 were \$85,151 compared to \$619 at December 31, 2019. Accounts payable and accrued liabilities increased to \$144,417 at September 30, 2020 from \$124,493 at December 31, 2019.

At September 30, 2020, Canadian Manganese held mineral properties with a combined book value of \$4,660,671. The balance sheet values for these assets may not represent that which could be obtained if the assets were to be offered for sale.

The Company has relied on advances from its parent Buchans to fund its working capital requirements. At September 30, 2020, the Company had working capital of \$61,238 (excluding an advance of \$120,504 due to Buchans) and expects to incur further losses in the development of its business. Canadian Manganese's working capital is dependent upon the successful closing of a planned private placement of Canadian Manganese shares. 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.

There is no assurance that the Canadian Manganese planned private placement financing will be completed. The Company will need to generate additional financial resources 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. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms.

**CANADIAN MANGANESE CO. INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

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 September 30, 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.

At September 30, 2020, the Company has accrued \$120,504 (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.

Adoption of New Accounting Standards

The standards and interpretations within IFRS are subject to change. For further details, please refer to Note 3 of the December 31, 2019 audited financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The realization of mineral exploration assets is dependent on the development of economic ore reserves and is subject to a number of significant potential risks, see under the heading "RISK FACTORS" elsewhere in this document, including:

Failure to Obtain Additional Financing

There can be no assurance that Canadian Manganese will be successful in obtaining any additional required funding necessary to conduct additional exploration or evaluation, if warranted, on Canadian Manganese' current 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 of Canadian Manganese, 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 through the crisis 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. The COVID-19 pandemic has adversely affected financial markets and investor interest in public companies that could affect the Company's ability to finance its operations.

CANADIAN MANGANESE CO. INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

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 or discovered by Canadian Manganese may be 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.

No Assurance of Production

Canadian Manganese has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel, consultants or contractors, or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that Canadian Manganese will have available to it the necessary expertise when and if Canadian Manganese places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

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.

**CANADIAN MANGANESE CO. INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

Factors beyond Canadian Manganese' Control

The exploration and development of mineral properties and the marketability of any minerals contained in such properties will be affected by numerous factors beyond the control of Canadian Manganese. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately 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.

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.

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Fair value estimates of financial assets and liabilities are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates involve uncertainties and are subjective in nature. Other financial instruments included in current assets are classified as loans and receivables, which are measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at September 30, 2020, the carrying and fair value amounts of the Company's financial instruments were the same.

**CANADIAN MANGANESE CO. INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020**

OUTSTANDING SHARE CAPITAL

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

At September 30, 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.

Dated: November 30, 2020