

**CANADIAN MANGANESE COMPANY INC.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

*Unaudited*

**For the three-month period ended March 31, 2021**

**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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**For the three-month period ended March 31, 2021**

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**CANADIAN MANGANESE COMPANY INC.**  
**Condensed Interim Statements of Financial Position**  
**As at March 31, 2021**  
*Unaudited*

Expressed in Canadian Dollars	Notes	March 31, 2021	December 31, 2020
<b>Assets</b>		<b>\$</b>	<b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	<b>6</b>	34,993	62,198
Amounts receivable		3,328	1,288
Total current assets		38,321	63,486
<b>Non-current assets</b>			
Exploration and evaluation assets	<b>5</b>	4,663,671	4,662,321
Total non-current assets		4,663,671	4,662,321
<b>Total assets</b>		<b>4,701,992</b>	<b>4,725,807</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Amounts payable	<b>4/8</b>	246,227	221,979
Advance from director	<b>4/7</b>	100,000	100,000
Total current liabilities		346,227	321,979
<b>Shareholders' Equity</b>			
Share capital	<b>9</b>	5,668,449	5,668,449
Deficit		(1,312,684)	(1,264,621)
Total shareholders' equity		4,355,765	4,403,828
<b>Total shareholders' equity and liabilities</b>		<b>4,701,992</b>	<b>4,725,807</b>

**COMMITMENTS AND CONTINGENCIES (Note 10)**

**SUBSEQUENT EVENTS (Note 13)**

The financial statements were approved by the Board of Directors on May 27, 2021 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 periods ended March 31, 2021 and 2020**  
*Unaudited*

Expressed in Canadian Dollars	Three months ended March 31,	
	2021	2020
	\$	\$
General and administrative expenses:		
Professional fees	37,385	3,385
Shareholders and investors expense	4,897	3,360
Office expenses	5,781	4,149
<b>Total loss and comprehensive loss for the period</b>	<b>48,063</b>	<b>10,894</b>
<b>Loss per share</b>		
Basic and diluted	(0.001)	(0.000)
<b>Weighted average common share outstanding</b>		
- Basic and diluted	59,683,564	59,683,564

See accompanying notes to the financial statements

**CANADIAN MANGANESE COMPANY INC.****Condensed Interim Statements of Changes in Equity****For the three-month periods ended March 31, 2021 and 2020***Unaudited*

Expressed in Canadian Dollars	<b>Share Capital</b>	<b>Deficit</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at December 31, 2019	5,668,449	(1,138,623)	4,529,826
Total net loss for the period	-	(10,894)	(10,894)
Balance as at March 31, 2020	<u>5,668,449</u>	<u>(1,149,517)</u>	<u>4,518,932</u>
Total net loss for the period	-	(115,104)	(115,104)
Balance as at December 31, 2020	<u>5,668,449</u>	<u>(1,264,621)</u>	<u>4,403,828</u>
Total net loss for the period	-	(48,063)	(48,063)
Balance as at March 31, 2021	<u>5,668,449</u>	<u>(1,312,684)</u>	<u>4,355,765</u>

See accompanying notes to the financial statements

**CANADIAN MANGANESE COMPANY INC.****Condensed Interim Statements of Cash Flows****For the three-month periods ended March 31, 2021 and 2020***Unaudited*

Expressed in Canadian Dollars	Notes	2021 \$	2020 \$
<b>Cash flow from operating activities</b>			
Loss for the period		(48,063)	(10,894)
<b>Movements in working capital</b>			
(Increase) in amounts receivables		(2,040)	(1,543)
(Decrease)/increase in amounts payables		24,248	9,883
Cash used in operating activities		(25,855)	(2,554)
<b>Cash flows from investing activities</b>			
Investment in exploration and evaluation assets		(1,350)	(3,371)
Net cash flows used in investing activities		(1,350)	(3,371)
<b>Cash flows from financing activities</b>			
Advance from director		-	100,000
Net cash flows from financing activities		-	100,000
Net (decrease)/increase in cash		(27,205)	94,075
Cash at the beginning of the period		62,198	472
Cash at the end of the period		34,993	94,547

See accompanying notes to the financial statements

## **CANADIAN MANGANESE COMPANY INC.**

### **Notes to the Financial Statements**

#### **For the three-month period ended March 31, 2021 and 2020**

Expressed in Canadian dollars, unless noted and per share amounts

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#### **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.

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, 2020 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.

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.

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.

The Company's operations could be significantly adversely affected by the effects of the global spread of the contagious coronavirus causing the outbreak of COVID-19 respiratory disease, which was declared a pandemic by the World Health Organization in March 2020. The Company has followed the instructions and advice of Federal and Provincial health authorities, as well as industry-wide best practice guidelines, and has limited travel and field activities to help control the spread of COVID-19 and protect local communities. The Company cannot accurately predict the impact the COVID-19 pandemic will have on its operations, including uncertainties relating to the duration of the pandemic, the ultimate severity of the disease, the duration of travel and quarantine restrictions imposed by governmental authorities, and the impact on schedules and timelines for planned operations or exploration programs. In addition, this widespread health crisis and related business lockdowns have adversely affected the economies and financial markets of many countries, resulting in an economic downturn that could affect the Company's operations and ability to finance its planned 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.

## **CANADIAN MANGANESE COMPANY INC.**

### **Notes to the Financial Statements**

#### **For the three-month period ended March 31, 2021 and 2020**

Expressed in Canadian dollars, unless noted and per share amounts

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies that are relevant to the Company will be finalized only when the annual IFRS financial statements are prepared for the year ending December 31, 2021. The accounting policies chosen by the Company have been applied consistently to all periods presented.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2021 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
IAS 37	Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37")
IAS 16	Property, Plant and Equipment ("IAS 16")
IFRS 3	Business Combinations ("IFRS 3")
IFRS 10	Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28")

### **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, 2021 and 2020.

During the three-month period ended March 31, 2021, the Company paid or accrued \$21,000 to related parties, including \$15,000 management fee payable to Energold Minerals Limited, a company controlled by John F. Kearney, and \$6,000 rent paid to Buchans (March 31, 2020 – \$3,000).

Included in accounts payable and accrued liabilities at March 31, 2021 is \$215,202 (December 31, 2020 - \$200,914) payable to related parties including \$140,202 payable to Buchans (December 31, 2020 - \$140,202) and \$75,000 (December 31, 2020 - \$60,000) in respect of management fees. These amounts are unsecured, non-interest bearing and due on demand.

During 2020, the Company received an advance from a director in the amount of \$100,000, which remains outstanding as of March 31, 2021. The amount is unsecured, non-interest bearing and due on demand.

See Notes 7 and 8.

### **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, 2021.

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. ADVANCE FROM DIRECTOR**

During the year ended December 31, 2020, the Company received an advance in the amount of \$100,000 from a director to fund working capital expenses. The advance is unsecured, non-interest bearing and repayable on demand.

**CANADIAN MANGANESE COMPANY INC.**  
**Notes to the Financial Statements**  
**For the three-month period ended March 31, 2021 and 2020**  
Expressed in Canadian dollars, unless noted and per share amounts

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2021	December 31, 2020
	\$	\$
Trade creditors and accruals	31,025	21,065
Amounts due to related parties (Note 4)	215,202	200,914
	246,227	221,979

**9. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares

**Issued**

	Shares #	Amount \$
Balance at December 31, 2020 and March 31, 2021	59,683,564	5,668,449

**10. 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.

**11. 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, 2021, 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.

## **12. 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 periods ended March 31, 2021 and 2020. The Company is not subject to externally imposed capital requirements.

## **13. SUBSEQUENT EVENTS**

Effective April 30, 2021, the Company acquired Maximos Metals Corp. ("Maximos"), and completed a private placement of subscription receipts, raising gross proceeds of \$5,947,500 (the "Financing").

### **Acquisition of Maximos Metal Corp.**

The acquisition of Maximos was completed by way of a three-cornered amalgamation between Maximos and a wholly owned subsidiary of CMC, which resulted in Maximos becoming a wholly owned subsidiary of CMC effective April 30, 2021, and the shareholders of Maximos becoming shareholders of CMC.

In connection with the acquisition of Maximos, a total of 59,683,564 common shares in the capital of CMC were issued to holders of Maximos shares on the basis of 0.55562527 of a CMC share for each common share of Maximos.

In connection with the acquisition, options on 5,278,440 CMC shares were issued in replacement of 9,500,000 options in Maximos, with each CMC option being exercisable at a price of \$0.18 per share on or before June 30, 2025.

In addition, in connection with the acquisition, 4,445,002 CMC share purchase warrants were issued in replacement of 8,000,000 common share purchase warrants of Maximos with each such CMC warrant being exercisable at a price of \$0.18 per share on or before March 17, 2024.

### **Private Placement Financing \$5.95 Million**

On April 30, 2021 CMC closed a non-brokered private placement equity financing through an offering of subscription receipts ("Subscription Receipts") at a price of \$0.30 per flow-through receipt ("FT Subscription Receipt") and \$0.225 per non-flow-through receipt ("HD Subscription Receipt").

Pursuant to the Financing, CMC issued 17,544,443 HD Subscription Receipts at a price of \$0.225 each for gross proceeds of \$3,947,500 and 6,666,666 FT Subscription Receipts at a price of \$0.30 each, for gross proceeds of \$2,000,000. Each HD Subscription Receipt entitled the holder to receive one CMC Share, for no additional consideration, on completion of the acquisition and each FT Subscription Receipt entitled the holder to receive one flow-through CMC Share, for no additional consideration, on completion of the acquisition.

The Company has committed to apply the proceeds of \$2,000,000 from the issuance of the flow-through shares on qualifying Canadian Exploration Expenditures by December 31, 2022. The Company provided subscribers with indemnification for any tax liability that may arise if the Company is found to have not incurred the qualifying Canadian Exploration Expenditures as required in accordance with the flow-through subscription agreements.

Finders' fees of \$220,640 in cash and 333,333 broker warrants will be paid and issued to certain arms-length parties for assisting in the Financing. Each broker warrant will entitle the holder to purchase one CMC share at a price of \$0.27 per share until April 29, 2024.

**13. SUBSEQUENT EVENT (CONTINUED)**

**Share Capital**

Following the issue of 59,683,564 shares in the acquisition of Maximos and the issue of 24,211,109 shares pursuant to the Financing, CMC now has 143,578,237 common shares outstanding,

In addition, CMC now has 5,278,440 stock options outstanding, exercisable at \$0.18 per share until June 30, 2025 and 4,778,335 share purchase warrants outstanding, 4,445,002 of which are exercisable at \$0.18 per share until March 17, 2024 and 333,333 of which are exercisable at \$0.27 per share until April 29, 2024.

All securities issued in connection with the Financing are subject to a four month hold period from the date of issuance of such securities, expiring on August 30, 2021.