



Canadian Manganese Company Inc.

Canadian Manganese Reports Second Quarter Results

Operations Update

Toronto, August 31, 2021 – Canadian Manganese Company Inc (the “**Company**” or “**CMC**” or “**Canadian Manganese**”), which holds the Woodstock battery metal manganese property in New Brunswick, reports its second quarter results of operations for the three and six months ended June 30, 2021.

This news release should be read in conjunction with the Company’s interim financial statements and the associated management’s discussion and analysis (MD&A) for the three and six months ended June 30, 2021 which are available on the Company’s website at www.CanadianManganese.com or under the Company’s profile at www.sedar.com.

Overview

Canadian Manganese holds the Woodstock manganese property in New Brunswick (“Woodstock Property”) and substantially all of the Company’s efforts are devoted to advancing the development of Woodstock Property to produce speciality manganese metals.

During the quarter ended June 30, 2021 CMC completed financings raising a total of \$6.2 million, acquired Maximos Metals Corp. and is currently processing an application to list its shares on a Canadian stock exchange.

CMC’s vision is to create a new technology metals company immediately focused on the advancement of the Woodstock Property, becoming a global leader in the environmentally responsible production of High Purity Manganese Sulphate Monohydrate (“HPMSM”) for the rapidly evolving cathode chemistry within the battery sector. The Company’s aim is to address the current environmentally harmful and energy inefficient production landscape of HPMSM (currently dominated by Chinese based producers) by providing a new generation of HPMSM consumers with an alternative carbon conscious supply, built on the fundamental goal of delivering long-term societal benefits.

Manganese has been defined by the Canadian and U.S. 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 and concentration of the current global production. The U.S. has included manganese on its list of 35 critical minerals.

Manganese Positioning in Emerging Battery Metals Market

Manganese has been used primarily as an additive in steel products, with a proportionately small amount going to electronic equipment, battery manufacture and chemical processing applications. The importance of high purity manganese applications in the emerging battery metals market has increasingly driven industry efforts to define and develop opportunities for production of high-quality manganese products such as EMM, HPEMM and HPMSM. Manganese, as HPMSM, 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.

There is currently no primary manganese mine production in the U.S. 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 most of the global supply.

Chinese production of HPMSM dominates the global supply, representing ~85% of the market. Most of the purification processes involve an energy intensive calcination step (oxide ores) or inclusion of the environmentally harmful selenium. The global growth in ESG compliance poses a significant risk on this supply, as investors and purchasers are increasingly incentivised to stop supporting businesses and industries that resist implementing strong ESG practices and governance. CMC's carbonate hosted deposit provides the ability to produce a high-quality HPMSM product without utilising these harmful steps that dominate the current global production.

The continued demand for advancements in energy storage and distribution technologies, highlighted by the global adoption of electric vehicles, combined with supply dominance issues, environmentally harmful processes, and the mounting geopolitical support to change these types of antiquated industry dynamics underpins why CMC believes it is critical to create a North American based leader in the responsible production of HPMSM.

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.

Woodstock Development Strategy

CMC has undertaken several programs to evaluate the Plymouth Deposit as a potential open pit mining, hydrometallurgical and electrowinning operation for production of high-purity manganese metal products.

Since 2011, several phases of process development test programs have been completed. Bench scale metallurgical and hydrometallurgical test programs were conducted from 2011 to 2015 using core samples obtained from the 2011 drilling of the Plymouth Deposit. Past metallurgical development programs for the Woodstock Project focused on the production of high-grade electrolytic manganese metal and the intermediate production of purified manganese sulphate solution as an interim step, enabling the add-on production of manganese chemicals, manganese catalyst, battery grade manganese dioxide and high-purity manganese metal for electronics. The metallurgical process defined for processing of the Plymouth mineralization is based on technology to achieve an ultra-pure solution of manganese sulfate.

Preliminary testing and an assessment of alternative technologies relative to the characterization of the core samples indicated that direct sulphuric acid leaching of the feedstock and subsequent solution purification unit operations can produce a high purity manganese sulphate to produce high purity manganese chemicals and metal. To improve on hydrometallurgical operations, metallurgical unit operations were developed to remove acid consuming minerals prior to leaching unit operations.

The results of bench scale testing for development of a hydrometallurgical process for the production of a market grade EMM product indicate that the process is technically viable and EMM with a metallic manganese content of greater than 99.99% and with a total manganese content ranging from 99.70% to 99.76% manganese can be achieved. A technical and economic assessment of EMM production was completed and reported in the NI 43-101 Preliminary Economic Analysis (PEA) Technical Report prepared by Tetra Tech dated July 10, 2014.

Subsequent to the 2014 PEA, CMC shifted focus from evaluating the production of EMM to evaluating the production of MSM and HPMSM products to address battery market opportunities. Process development studies and preliminary bench scale studies were completed from 2014 to 2015 to assess alternative process technologies to produce high purity manganese sulphate monohydrate (MSM) from the solution phase manganese sulphate used to produce EMM. A flowsheet was developed to include precipitation of calcium and magnesium prior to the crystallization of MSM, based on co-production of MSM with EMM or sole production of MSM.

Evaporation and crystallization tests were conducted on the manganese sulfate solution produced from flowsheet simulation tests. Precipitation methods to remove calcium and magnesium have been tested and MSM grades of 31.3% Mn were achieved. Bench scale studies on product purity and yield have not been completed as of the current date. Optimization or intensification of MSM processing technology, including solution purification and crystallization unit operations for battery grade end use, has not yet been conducted and is the subject of ongoing and future development programs in progress, based on the work completed to date, and further bench scale testing is recommended.

CMC's planned work programs will shift focus to a detailed assessment of the processing alternatives and market requirements for a range of HPMSM products. Concurrently, the Company plans to undertake several programs to advance various project categories to a prefeasibility level of study, including:

- Re-Evaluation of the current mineral resource within a HPMSM landscape;
- Product Market and End-User Market Assessment;
- Process Development and Advanced Metallurgy; and
- Infrastructure Evaluation and Preliminary Environmental Assessment and Social Engagement.

Additionally, CMC is preparing plans for a comprehensive drilling program to further define and increase the confidence level of the mineral resource within the Plymouth Deposit (currently open in several directions) as well as to initiate an exploration program specifically suited to test the historical geological assumptions made and potential regarding the adjacent North and South Hartford properties.

Acquisition of Maximos Metals

On April 30, 2021, CMC completed the acquisition of Maximos Metals Corp. ("Maximos") 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, and the shareholders of Maximos becoming shareholders of CMC. In connection with the Maximos acquisition, CMC completed equity private placement financings raising a total of \$6.2 million.

The Maximos acquisition was initiated following an internal re-examination of the Woodstock Property, and its potential. This initial examination led to the thesis that the high purity manganese production landscape was fundamentally flawed. The end user's corporate values were at odds with worldwide producer's lack of ESG governance. The Company believes socially conscious development and processing will command premium future value in the high purity manganese space. This strategic proposition and fundamental market change were researched, evaluated in a public market context, refined and ultimately supported by the commitment of new capital to facilitate the new vision

FINANCIAL RESULTS

The Company recorded no revenue in the three and six months ended June 30, 2021.

For the three months ended June 30, 2021, the Company recorded a loss of \$12,723,304, compared to a loss of \$800 for the same period in 2020. The loss in the current three month period is mainly attributable to a loss recognized in connection with the Maximos acquisition of \$12,284,235 and share based compensation of \$303,750.

For the six months ended June 30, 2021, the Company recorded a loss of \$12,771,367 compared to a loss of \$10,094 for the same period in 2020. The loss in the current six month period is mainly attributable to a loss recognized in connection with the Maximos acquisition of \$12,284,235 and share based compensation of \$303,750.

Current assets at June 30, 2021 were \$12,559,998 compared to \$63,486 at December 31, 2020. Current liabilities were \$1,778,863 at June 30, 2021, including accounts payable and accrued liabilities of \$1,097,930, a flow-through share premium liability of \$500,000 and liabilities directly associated with assets held for sale of \$180,933, compared to current liabilities of \$321,979 at December 31, 2020.

During the three months ended June 30, 2021, the Company completed non-brokered equity private placements of common shares and flow-through common shares raising a total of \$6.2 million. In the first closing of the financing on April 29, 2021, immediately before completing the Maximos acquisition, the Company issued 17,544,447 common shares at a price of \$0.225 per share for gross proceeds of \$3,947,500 and 6,666,666 flow-through shares at a price of \$0.30 per flow-through share for gross proceeds of \$2,000,000. In the second closing of the financing on June 21, 2021, the Company issued an additional 1,136,339 common shares at a price of \$0.225 per share for gross proceeds of \$255,676.

At June 30, 2021, CMC held exploration and evaluation assets with a combined carrying value of \$4,688,353. 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 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.

ABOUT CANADIAN MANGANESE

Canadian Manganese is a Canadian mineral development company aiming to become a supplier of high-purity electrolytic manganese metal products for the rechargeable battery industry.

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Additional information on Canadian Manganese Company Inc. is available at www.CanadianManganese.com

FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking statements relating to, but not limited to, the Company's 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. The Company 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.