CANADIAN MANGANESE COMPANY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and six months ended June 30, 2021

CANADIAN MANGANESE COMPANY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

For the three and six months ended June 30, 2021 and 2020

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CANADIAN MANGANESE COMPANY INC.

Condensed Interim Consolidated Statements of Financial Position

As at June 30, 2021

Unaudited

Expressed in Canadian Dollars	Notes	June 30, 2021	December 31, 2020
Assets		$	$
Current assets			
Cash and cash equivalents	9	6,012,619	62,198
Amounts receivable and prepaids		298,828	1,288
Assets held for sale	4/5	6,248,551	-
Total current assets		12,559,998	63,486
Non-current assets			
Exploration and evaluation assets	7	4,688,353	4,662,321
Total non-current assets		4,688,353	4,662,321
Total assets		17,248,351	4,725,807
Equity and liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10/18	1,097,930	221,979
Advance from director	18	-	100,000
Flow-through share premium liability	12	500,000	-
Liabilities directly associated with assets held for sale	4/5	180,933	-
Total current liabilities		1,778,863	321,979
Non-current liabilities			
CEBA loan	11	40,000	-
Total non-current liabilities		40,000	-
Total liabilities		1,818,863	321,979
Equity			
Share capital	12	24,519,118	5,668,449
Warrants	13	795,130	-
Share-based payment reserve	16	1,277,991	-
Deficit		(14,027,101)	(1,264,621)
Equity attributable to equity holders of the Company		12,565,138	4,403,828
Non-controlling interest	17	2,864,350	-
Total equity		15,429,488	4,403,828
Total equity and liabilities		17,248,351	4,725,807

COMMITMENTS AND CONTINGENCIES (Notes 7 and 19)

The financial statements were approved by the Board of Directors on August 30, 2021 and signed on its behalf by:

Signed *"John F. Kearney"*, Director   Signed *"Matthew Allas"*, Director

See accompanying notes to the condensed interim consolidated financial statements

CANADIAN MANGANESE COMPANY INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended June 30, 2021 and 2020

Unaudited

	Notes	Three months ended June 30,		Six months ended June 30,	
Expressed in Canadian Dollars		2021	2020	2021	2020
				$	$
General and administrative expenses:					
Share-based compensation	16	303,750	-	303,750	-
Salaries		35,855	-	35,855	-
Professional fees		61,616	3,520	99,001	6,905
Shareholders and investors expense		8,658	990	13,555	4,350
Office expenses		10,245	2,690	16,026	6,839
Loss before other items		420,124	7,200	468,187	18,094
Other items:					
Loss recognised on acquisition	4	12,284,235	-	12,284,235	-
Gain on sale of equipment		-	(8,000)	-	(8,000)
Total other items		12,284,235	(8,000)	12,284,235	(8,000)
Net loss from continuing operations		12,704,359	-	12,752,422	-
Net loss attributable to discontinued operations		18,945	-	18,945	-
Total loss/(income) and comprehensive loss/(income) for the period		12,723,304	(800)	12,771,367	10,094
Net loss/(income) and comprehensive loss/(income) attributable to:					
Shareholders of the company from continuing operations		12,704,359	(800)	12,752,422	10,094
Shareholders of the Company from discontinued operations		10,058	-	10,058	-
Non-controlling interest	17	8,887	-	8,887	-
Total loss/(income) and comprehensive loss/(income) for the period		12,723,304	(800)	12,771,367	10,094
(Loss)/income per share					
Basic and diluted income/(loss) per share		(0.109)	0.000	(0.146)	(0.000)
Basic and diluted income/(loss) per share from continuing operations		(0.109)	0.000	(0.146)	(0.000)
Basic and diluted income/(loss) per share from discontinued operations attributable to Shareholders of the Company		(0.000)	0.000	(0.000)	(0.000)
Weighted average number of common shares outstanding					
Basic and diluted		116,928,158	59,683,564	87,725,072	59,683,564

See accompanying notes to the condensed interim consolidated financial statements

CANADIAN MANGANESE COMPANY INC.

Condensed Interim Consolidated Statements of Changes in Equity

For the six months ended June 30, 2021 and 2020

Unaudited

Expressed in Canadian Dollars	Share Capital	Warrants	Share-based payment reserve	Deficit	Attributable to equity holders of the company	Non-Controlling Interest	Total
	$	$	$	$	$	$	$
Balance as at December 31, 2019	5,668,449	-	-	(1,138,623)	4,529,826	-	4,529,826
Total net loss for the period	-	-	-	(10,094)	(10,094)	-	(10,094)
Balance as at June 30, 2020	5,668,449	-	-	(1,148,717)	4,519,732	-	4,519,732
Total net loss for the period	-	-	-	(115,904)	(115,904)	-	(115,904)
Balance as at December 31, 2020	5,668,449	-	-	(1,264,621)	4,403,828	-	4,403,828
Proceeds from private placements	6,203,176	-	-	-	6,203,176	-	6,203,176
Less share issue costs	(281,309)	52,221	-	-	(229,088)	-	(229,088)
Less flow-through share premium liability	(500,000)	-	-	-	(500,000)	-	(500,000)
Acquisition of Maximos	13,428,802	-	-	-	13,428,802	-	13,428,802
Recognition of non-controlling interest	-	-	-	-	-	2,873,237	2,873,237
Warrants issued in Maximos acquisition	-	742,909	-	-	742,909	-	742,909
Stock options issued in Maximos acquisition	-	-	974,241	-	974,241	-	974,241
Restricted share units issued	-	-	303,750	-	303,750	-	303,750
Total net loss for the period	-	-	-	(12,762,480)	(12,762,480)	(8,887)	(12,771,367)
Balance as at June 30, 2021	24,519,118	795,130	1,277,991	(14,027,101)	12,565,138	2,864,350	15,429,488

See accompanying notes to the condensed interim consolidated financial statements

CANADIAN MANGANESE COMPANY INC.

Condensed Interim Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

Unaudited

Expressed in Canadian Dollars	Notes	2021	2020
		$	$
Cash flow from operating activities			
Loss for the period		(12,771,367)	(10,094)
Loss recognised on acquisition	4	12,284,235	-
Share-based compensation	16	303,750	-
		(183,382)	(10,094)
Movements in working capital			
Decrease/(increase) in amounts receivable		(13,080)	(1,610)
Increase in amounts payable		(6,250)	8,094
Net cash used in operating activities		(202,712)	(3,610)
Cash flows from (used in) investing activities			
Investment in exploration and evaluation assets	7	(26,031)	(5,621)
Cash and cash equivalents received in Maximos Acquisition	4	305,075	-
Net cash flows from (used in) investing activities		279,044	(5,621)
Cash flows from financing activities			
Proceeds from issue of shares	12	6,103,176	-
Share issue costs	12	(229,087)	-
Advance from director	12	-	100,000
Net cash flows from financing activities		5,874,089	100,000
Net increase in cash		5,950,420	90,769
Cash at the beginning of the period		62,198	472
Cash at the end of the period		6,012,619	91,242
Supplemental information:			
Shares issued in Maximos acquisition	4/12	13,428,802	-
Warrants issued in Maximos acquisition	4/14	742,909	-
Stock options issued in Maximos acquisition	4/13	974,241	-
Broker warrants issued in the Financing	12	52,221	-
Shares issued to settle debt	12	100,000	-

See accompanying notes to the condensed interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Canadian Manganese Company Inc. (the "Company" or "Canadian Manganese") has interests in exploration and evaluation properties located in eastern Canada. Substantially all of the Company's efforts are devoted to advancing the development of its 100% owned Woodstock manganese project located in the Province of New Brunswick.

The Company was incorporated on June 13, 2011 under the laws of Canada.

Effective April 30, 2021, the Company acquired 100% of Maximos Metals Corp. ("Maximos") and, thereby indirectly, Maximos' 53.09% subsidiary Spark Minerals Inc. ("Spark"). The Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2021 include consolidation of the accounts of Maximos and Spark commencing April 30, 2021. Refer to Notes 4 and 5.

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 condensed interim consolidated 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 the next 12 months. Management believes it has sufficient working capital to support planned operations for at least the next 12 months. At June 30, 2021 the Company had not achieved profitable operations, had an accumulated deficit since inception and expects to incur further losses in the advancement of its exploration and evaluation properties. The Company will need to generate additional financial resources in order to advance and develop its exploration and evaluation properties and 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 ultimately be required to discontinue operations and exploration and evaluation activities and adjustments to the consolidated financial statements could be material.

The Company cannot accurately predict the impact the Covid-19 pandemic may 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 may adversely affect the Company's 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.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements reflect the financial position, statement of loss and comprehensive loss, equity and cash flows related to assets and liabilities of the Company and entities controlled by the Company (its subsidiaries).

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") on a basis consistent with the accounting policies disclosed in the financial statements of the Company for the year ended December 31, 2020. The accounting policies set out below were consistently applied to all periods presented, unless otherwise noted.

These condensed interim consolidated 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.

2. BASIS OF PRESENTATION (CONTINUED)

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for those items carried at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A full summary of significant accounting policies is set out in Note 3 to the annual financial statements of the Company for the year ended December 31, 2020. The accounting policies chosen by the Company have been applied consistently to all periods presented.

The following summary describes significant new accounting policies adopted by the Company in the preparation of these condensed interim consolidated financial statements for the three and six months ended June 30, 2021.

Basis of consolidation

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has an ability to affect those returns through its power over the entity. Subsidiaries are entities controlled by the Company. These condensed interim consolidated financial statements consolidate the accounts of the Company and, effective April 30, 2021, its subsidiaries Maximos and Spark. Refer to Notes 4 and 5.

The financial results of subsidiaries acquired or disposed of during the six-month period are included in the consolidated statement of operations from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. All material intra-Company transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein.

Assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Flow-through financing

The Company finances a portion of its project exploration activity through the issuance of flow-through shares. Under the terms of the flow-through share issues, the tax attributes of the related expenditures are renounced to investors and deferred income tax expense and income tax liabilities are increased by the estimated income tax benefits renounced by the Company to the investors. On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the fair value of the Company's shares is allocated to liabilities as a flow-through share premium liability. The flow-through share premium liability is reduced pro-rata based on the percentage of flow-through expenditures renounced in comparison to renunciations required under the terms of the flow-through share agreement. The reduction to the flow-through share premium liability in the period of renunciation is recognized through profit or loss.

Share-based payments

The Company follows the fair value method of accounting for stock option awards granted to employees, directors and consultants. The fair value of stock options is estimated by the Black-Scholes option pricing model with assumptions for risk-free interest rate, dividend yield, volatility of the expected market price of the Company's common shares and an expected life of the options. The number of stock option awards expected to vest are estimated using a forfeiture rate based on historical experience and future expectations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Option-pricing models require the use of highly subjective estimates and assumptions including the expected share price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options.

The Company uses graded amortization which specifies that each vesting tranche must be accounted for as a separate arrangement with a unique fair value measurement. Each vesting tranche is subsequently amortized separately and in parallel from the grant date.

The Company uses a similar method of determining the fair value of warrants as that described for stock options above. As warrants issued by the Company vest immediately upon issuance, the full fair value of warrants is recognized as a share-based payment upon issuance.

The fair value of direct payments of shares in exchange for non-monetary consideration is determined by reference to the issue price of the Company's shares for cash consideration in recent transactions with arm's length parties.

Directors, employees and consultants of the Company may receive as compensation restricted share units (each, an "RSU") under the terms of the Company's RSU plan. The fair value of an RSU is recognized as a share-based payment expense with a corresponding charge to the share based payment reserve account over the vesting period using the graded amortization method of recognition based on the grant date fair value of common shares of the Company.

Government assistance

Upon qualification for government mineral exploration assistance programs, recoverable amounts are offset against costs incurred when the Company has complied with the terms and conditions of the program and the recovery is reasonably assured.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a reduction of the non-current assets in the consolidated statement of financial position, and transferred to the consolidated statement of operations on a systematic and rational basis over the useful lives of the related assets. Other government grants are recognized as a reduction of the related expenses over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in the consolidated statement of operations in the period in which they become receivable.

The benefit of a government loan at a below market rate of interest is treated as a government grant measure at the difference between proceeds received and the fair value of the loan based on prevailing interest rates. A forgivable loan from the government is treated as a government grant when there is reasonable assurance that the terms for forgiveness of the loan are met.

4. ACQUISITION OF MAXIMOS METALS CORP.

The Company's acquisition of 100% of Maximos (the "Maximos Acquisition") was completed by way of a share exchange and three-cornered amalgamation effective April 30, 2021 (the "Acquisition Date"). The amalgamated subsidiary is legally named "Technology Metals Inc.", however these condensed interim consolidated financial statements refer to the entity by its more familiar pre-amalgamation name, "Maximos".

To complete the Maximos Acquisition, the Company issued 59,683,564 common shares directly to shareholders of Maximos on the basis of 0.55562527 of a Canadian Manganese common share for each common share of Maximos, and Maximos was amalgamated with a wholly-owned subsidiary of the Company. Indirectly, the Company acquired Maximos' 53.1% subsidiary Spark as part of the Maximos Acquisition. Refer to Notes 1 and 5.

In connection with the Maximos Acquisition, the Company granted 5,278,440 options in replacement of 9,500,000 previously granted options of Maximos, with each replacement option exercisable into a common share of the Company at $0.18 per share until June 30, 2025. Additionally, the Company issued 4,445,003 warrants in replacement of 8,000,000 previously issued warrants of Maximos, with each replacement warrant exercisable into a common share of the Company at $0.18 per share until March 17, 2024. Refer to Notes 13 and 14.

The Company has elected to apply the Concentration Test under IFRS 3 Business Combinations to assess the nature of and determine the accounting treatment of the Maximos Acquisition. Substantially all of the fair value of the assets acquired in the Maximos Acquisition is concentrated in a single identifiable asset or group of similar identifiable assets,

Unaudited, expressed in Canadian dollars

4. ACQUISITION OF MAXIMOS METALS CORP. (CONTINUED)

being exploration and evaluation assets. Therefore, the Concentration Test is met and the Acquisition was determined to be an acquisition of assets, under the scope of IFRS 2 Share-Based Payments, rather than a Business Combination.

The fair value of the Company's common shares issued as consideration in the Maximos Acquisition was estimated at $0.225 per share based on the issue price of shares in the Financing, which closed immediately before the Maximos Acquisition. Refer to Note 12. The fair value of the options granted and warrants issued was estimated using the Black-Scholes option pricing model. Refer to Notes 13 and 14.

	Notes	$
Estimated fair value of common shares	12	13,428,802
Estimated fair value of stock options	14	974,241
Estimated fair value of warrants	13	742,909
Total consideration paid		15,145,952

The fair value of consideration paid by the Company has been allocated to the estimated fair value of assets acquired and liabilities assumed as at the Acquisition Date, based on management's best estimates, after taking into account all available information at that time, on the following basis:

	$
Cash and cash equivalents	305,075
Amounts receivable	284,461
Assets held for sale	6,349,829
Exploration and evaluation assets	1
Amounts payable and accrued liabilities	(979,583)
Liabilities directly associated with assets held for sale	(224,829)
Non-controlling interest	(2,873,237)
Total of net assets acquired	2,861,717
Loss recognised on acquisition	12,284,235
Total consideration paid	15,145,952

The Maximos exploration and evaluation assets have been recorded at a nominal value. Refer to Note 7.

Assets held for sale and liabilities directly associated with assets held for sale represent the accounts of Spark at the Acquisition Date. Refer to Note 5.

Non-controlling interest represents the 46.91% equity share in Spark not controlled by Maximos at the Acquisition Date. Refer to Note 17.

5. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On March 17, 2021, prior to being acquired by the Company, Spark entered into a definitive share exchange agreement with Mongoose Mining Ltd. ("Mongoose"), a company listed on the Canadian Securities Exchange, which set out the intent of the parties for Spark to complete a reverse take-over ("RTO") of Mongoose whereby the Company will receive common shares of Mongoose in exchange for its interest in Spark.

The RTO is expected to be completed in 2021. Accordingly, the assets and liabilities of Spark were considered as held for sale at the Acquisition Date and at June 30, 2021, in accordance with IFRS 5, *non-current assets held for sale and discontinued operations.* As such, the assets and liabilities of Spark are presented separately as held for sale on the condensed interim consolidated statement of financial position of the Company at June 30, 2021. Upon completion of the RTO, in which the Company's interest in Spark will be exchanged for an interest in Mongoose, the Company expects its interest in Mongoose to be diluted below a controlling interest.

Assets held for sale consists of Spark's cash and amounts receivable and Spark's Cobequid Highlands exploration and evaluation asset.

Liabilities directly associated with assets held for sale consists of Spark's accounts payable and accrued liabilities.

The condensed interim consolidated statement of operations and loss of the Company for the three and six months ended June 30, 2021 includes a loss attributable to the discontinued operations of Spark in the amount of $10,058.

Unaudited, expressed in Canadian dollars

6. LOSS PER SHARE

Basic loss per share is computed by dividing the loss after taxation for the period available to ordinary shareholders by the weighted average number of common shares outstanding during the period. Diluted loss per share is computed by dividing the loss after taxation for the period by the weighted average number of common shares outstanding, adjusted for the effect of all potential dilutive common shares that were outstanding during the period. Basic and diluted losses per share are the same for the reporting periods as the exercise of convertible instruments would decrease loss per share. The computation for basic and diluted loss per share is as follows:

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	$	**$**	**$**	**$**
Numerator				
Net (loss)/income attributable to Shareholders of the Company from continuing operations	(12,704,359)	800	(12,752,422)	(10,094)
(Loss)/income attributable to Shareholders of the Company from discontinued operations	(10,058)	-	(10,058)	-
(Loss) attributable to non-controlling interest	(8,887)	-	(8,887)	-
Total (loss) for the period	(12,723,304)	800	(12,771,367)	(10,094)
Denominator	**No. of Shares**	**No. of Shares**	**No. of Shares**	**No. of Shares**
Weighted average number of shares - basic and diluted	116,928,158	59,683,564	87,725,072	59,683,564
Earnings/(loss) per share				
Basic and diluted income/(loss) per share	(0.109)	0.000	(0.146)	(0.000)
Basic and diluted income/(loss) per share from continuing operations attributable to Shareholders of the Company	(0.109)	0.000	(0.146)	(0.000)
Basic and diluted (loss) per share from discontinued operations	(0.000)	0.000	(0.000)	(0.000)

7. EXPLORATION AND EVALUATION ASSETS

	June 30 2021	Additions 2021	December 31 2020	Additions 2020	December 31 2019
	$	$	$	$	$
Woodstock manganese property	4,688,352	26,031	4,662,321	8,621	4,653,700
Maximos mineral properties	1	1	-	-	-
	4,688,353	26,032	4,662,321	8,621	4,653,700

The Company holds a 100% interest in the Woodstock manganese property located near 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. Substantially all of the Company's efforts are devoted to advancing the development of the Woodstock manganese project.

In connection with the Maximos Acquisition, the Company acquired interests in certain exploration and evaluation assets held by Maximos. These acquired exploration and evaluation assets consist primarily of nickel-copper-cobalt exploration properties located in northwestern Labrador. The Maximos exploration and evaluation assets have been recorded at a nominal value as the Company has no immediate plans for the ongoing exploration and evaluation of these assets.

In connection with the Maximos Acquisition, the Company also indirectly acquired the Cobequid Highlands property held by Spark, consisting of mineral exploration licences in Nova Scotia with potential for iron oxide-copper-gold ("IOCG") mineralization. The Company's indirect interest in the Cobequid Highlands property is presented as an asset held for sale at June 30, 2021. Refer to Note 5.

All exploration and evaluation assets are carried at cost less any applicable impairment provision.

Unaudited, expressed in Canadian dollars

8. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The realisation of the exploration and evaluation assets is dependent on the successful discovery, development of economic mineral resources, including the ability to raise funds 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.

9. TECHNICAL SERVICES AGREEMENTS

Through its wholly-owned subsidiary Maximos, the Company is party to various technical services agreements. In each such agreement, Maximos provided interpretive technical data on an in-kind basis in return for potential future economic benefits if certain milestones are met by the counterparty. In each agreement Maximos has completed its provision of technical data and has no future commitments or obligations to fulfill.

Maximos entered into a technical services agreement in 2019 with Xcell Security House and Finance S.A. (“Xcell”) relating to certain mineral properties in Guinea whereby Maximos provided interpretive technical data and was granted a 10% carried interest in a cooperative venture relating to the properties, as well as an entitlement to 10% of any net revenue from the sale of any gold purchased under the Xcell Gold Standard program and a 3% net smelter royalty on production from any underlying mineral properties discovered or acquired as a result of the exploration activities of the cooperative venture. The Company’s interest in this technical services agreement has been recorded at a nominal fair value as significant uncertainty exists concerning the potential future economic success of these endeavours.

Maximos entered a technical services agreement in 2019 with Harte Gold Corp. (“Harte”), a company listed on the Toronto Stock Exchange, relating to Harte’s Sugar Zone property in Ontario under which Maximos provided interpretive technical data and was granted 1,000,000 Harte options, exercisable at $0.27 per Harte share until July 4, 2024, vesting upon achievement by Harte of certain milestones. As at June 30, 2021, 50,000 of these options had vested. In addition, if within 10 years from 2019 Harte discovers a mineral deposit of a certain minimum size on the Sugar Zone property Maximos will be granted 10 million options of Harte exercisable for a period of five years at an exercise price equal to the price of the Harte shares at the date of the grant. The Company’s interest in this technical services agreement, including the vested options, have been recorded at a nominal value as significant uncertainty exists that additional milestones will be met by Harte, and the exercise price of the vested options is out-of-the-money.

Maximos entered a technical services agreement in 2019 with Excellon Resources Inc. (“Excellon”) relating to certain mineral properties in Mexico under which Maximos provided interpretive technical data and can earn up to 785,000 restricted share units of Excellon with an expiry date of December 15, 2022 with vesting dates based on specified milestones. In addition, if within 10 years from 2019 Excellon discovers a mineral deposit of a certain minimum size on the relevant property Maximos may be granted up to 420,000 common shares of Excellon. The Company’s interest in this technical services agreement has been recorded at a nominal value as none of these milestones had been met, no restricted share units or common shares had been issued and significant uncertainty exists that additional milestones will be met by Excellon.

In each of these technical services agreements Maximos provided interpretive technical data using a proprietary 2D Nanospectra geophysical surveying tool licensed by Maximos under a long term exclusive licensing agreement. The Company’s interest in this licensing agreement has been recorded at a nominal value as significant uncertainty exists relating to future economic returns associated with the licensed technology.

10. 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. Cash and cash equivalents consisted entirely of cash at June 30, 2021 and December 31, 2020.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2021	December 31, 2020
	$	$
Trade creditors and accruals	773,202	21,065
Amounts due to related parties (Note 18)	324,728	200,914
	1,097,930	221,979

Unaudited, expressed in Canadian dollars

12. LONG TERM DEBT

On May 1, 2020, the Company's subsidiary Maximos received a loan in the principal amount of $40,000 under the Canada Emergency Business Account ("CEBA") program launched by the Government of Canada as a Covid-19 pandemic relief measure. The CEBA loan is unsecured and non-interest bearing during an initial term ending December 31, 2022. Thereafter, the loan will continue to be unsecured but will bear interest of 5% per year during an extended term ending December 31, 2025. Optional repayment of the full balance of the loan during the initial term will result in loan forgiveness of $10,000.

13. SHARE CAPITAL

Authorized
Unlimited number of common shares

Issued	Shares	Amount
	#	$
Balance at December 31, 2020	59,683,564	5,668,449
Shares issued in Financing on April 29, 2021	17,544,447	3,947,500
Flow-through shares issued in Financing on April 29, 2021	6,666,666	2,000,000
Shares issued in Maximos transaction on April 30, 2021	59,683,564	13,428,802
Shares issued in Financing on June 21, 2021	1,136,339	255,676
Less share issue costs	-	(281,309)
Less flow-through share premium liability	-	(500,000)
Balance at June 30, 2021	144,714,580	24,519,118

During the six months ended June 30, 2021, the Company completed a non-brokered equity private placement of common shares and flow-through common shares (collectively, the "Financing").

In the first closing of the Financing on April 29, 2021, 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. The first closing included issuance of 444,444 common shares to John F. Kearney, a director, as full settlement of a $100,000 advance received by the Company in 2020. Refer to Note 18.

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.

The flow-through shares in the Financing were issued at a premium of $0.075 per share relative to the issue price of non-flow-through shares in the Financing. The aggregate premium of $500,000 was recognized as a flow-through share premium liability.

Finder fees of $229,087 in cash were incurred and 333,333 broker warrants were issued in connection with the Financing. Each broker warrant entitles the holder to purchase one common share of the Company at $0.27 per share until April 29, 2024. Refer to Note 13.

In connection with the Maximos Acquisition, the Company issued 59,683,564 common shares effective April 30, 2021 to shareholders of Maximos in a share exchange on the basis of 0.55562527 of a common share of the Company for each common share of Maximos. Refer to Note 4.

Unaudited, expressed in Canadian dollars

14. WARRANTS

The following warrants were outstanding at June 30, 2021:

	Number of warrants outstanding at June 30, 2021	Weighted average exercise Price	Expiry Date
		$	
Balance, December 31, 2020	-	-	
Warrants issued	4,445,003	0.18	March 17, 2024
Broker warrants issued	333,333	0.27	April 29, 2024
Balance, June 30, 2021	4,778,336	0.19	

In connection with the Maximos Acquisition, 4,445,003 warrants of the Company were issued in replacement of 8,000,000 previously issued warrants of Maximos with each replacement warrant being exercisable into a common share of the Company at $0.18 per share until March 17, 2024.

The issue date fair value of these replacement warrants was calculated at $742,909, which has been recorded to the purchase price of Maximos. Refer to Note 4. The following assumptions were used in calculating the fair value of warrants issued, using the Black-Scholes option pricing model: expected dividend yield of 0%, expected volatility of 124%, risk-free interest rate of 0.93%, share price of $0.225 and an expected life of 2.9 years.

In connection with the Financing, 333,333 broker warrants were issued as a finder fee to an arm's-length party. Each broker warrant is exercisable into a common share of the Company at $0.27 per share until April 29, 2024. Refer to Note 12.

The issue date fair value of these broker warrants was calculated at $52,221, which has been recorded to share issue costs. The following assumptions were used in calculating the fair value of warrants granted, using the Black-Scholes option pricing model: expected dividend yield of 0%, expected volatility of 124%, risk-free interest rate of 0.93%, share price of $0.225 and an expected life of 3 years.

13. STOCK OPTIONS

Shareholders of the Company have approved a stock option plan for directors, officers, management, employees and other persons who perform ongoing services for the Company or any of its subsidiaries. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through stock options, to acquire a proprietary interest in the Company and to benefit from its growth.

The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed 10% of the total number of common shares outstanding immediately prior to such an issuance. The maximum number of common shares reserved for issuance to any one participant upon the exercise of options is not to exceed 5% of the total number of common shares outstanding immediately prior to such an issuance. The options are non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the board of directors at the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

The following table summarizes the stock option activity for the six months ended June 30, 2021:

	Number of Options Granted at June 30, 2021	Number of Options Exercisable at June 30, 2021	Estimated Grant Date Fair Value	Exercise Price	Expiry Date
			$	$	
Balance, December 31, 2020	-	-	-		
Stock options granted	5,278,440	3,518,960	974,241	0.18	June 30, 2025
Stock options granted	2,650,000	-	494,554	0.25	June 30, 2026
Balance, June 30, 2021	7,928,440	3,518,960	1,468,795	0.20	

Effective April 30, 2021, as partial consideration for the Maximos Acquisition (Note 4), 5,278,440 options of the Company were granted in replacement of 9,500,000 previously granted options of Maximos, with each replacement option exercisable into a common share of the Company at $0.18 per share until June 30, 2025. One-third of the replacement options vested on the grant date, one-third vested on June 30, 2021, and the remaining one-third will vest

Unaudited, expressed in Canadian dollars

14. STOCK OPTIONS (CONTINUED)

on June 30, 2022. The grant date fair value of the replacement options was estimated at $974,241 using the Black-Scholes option pricing model with the following assumptions: share price of $0.225, expected dividend yield of 0%; expected volatility of 124%; risk free interest rate of 0.93% and expected life of 4.17 year.

Effective June 30, 2021, 2,650,000 options were granted to directors, officers and service providers of the Company, with each such option exercisable into a common share of the Company at $0.25 per share until June 30, 2026, vesting quarterly over a period of two years. The grant date fair value of these options was estimated at $494,554 using the Black-Scholes option pricing model with the following assumptions: share price of $0.225, expected dividend yield of 0%; expected volatility of 124%; risk free interest rate of 0.93% and expected life of 5 years.

The options outstanding at June 30, 2021 have a weighted average remaining life of 4.5 years.

15. RESTRICTED SHARE UNIT PLAN

On June 24, 2021, shareholders of the Company approved a Restricted Share Unit Plan (the “RSU Plan”) under which the Company may issue up to 3% of its issued capital (on a rolling basis) as Restricted Share Units (each, an “RSU”) to eligible directors, officers, employees and consultants.

The RSU Plan was adopted to provide remuneration and long-term incentives to the Company’s directors, executives, employees and service providers, while preserving the Company’s cash, and to align the interests of such persons with the long term interests of shareholders. Upon vesting, each RSU entitles the grantee the right to receive, during the payout election period, after deduction of any applicable taxes and other required source deductions, one fully paid common share of the Company, or the then equivalent value in cash, at the Company’s discretion.

Effective June 30, 2021, the Board of Directors approved the grant of a total of 1,700,000 RSUs to directors, officers, management, employees and consultants pursuant to the RSU Plan. Of these, 1,350,000 RSUs vested immediately and 350,000 RSUs will vest on January 1, 2023. All the RSUs granted expire on December 31, 2024.

1,350,000 RSUs granted effective June 30, 2021 were fully recognized as share-based compensation and share-based payment reserve during the six months ended June 30, 2021, as they fully vested on grant date. The Company recorded $303,750 to share-based compensation and share-based payment reserve in connection with these RSUs, using the grant date fair value of $0.225 per share, based on the issue price in the Financing. Refer to Note 16.

The share based compensation expense and share based reserve relating to the 350,000 RSUs granted effective June 30, 2021 but not yet vested will be recognized in ensuing periods using the graded vesting method of recognition based on the grant date fair value of common shares of the Company.

The following table sets out the terms of RSUs granted as at June 30, 2021:

RSU Terms				
Number	Grant Date	Vesting Date	Commencement of Payout Election Period	Expiry Date
1,350,000	June 30, 2021	June 30, 2021	April 1, 2022	December 31, 2024
350,000	June 30, 2021	March 31, 2022	January 1, 2023	December 31, 2024
1,700,000				December 31, 2024

16. SHARE-BASED PAYMENT RESERVE

The following table sets out the share-based payment reserve activity for the six months ended June 30, 2021:

	$
Balance, December 31, 2020	-
Stock options granted	974,241
RSUs granted	303,750
Balance, June 30, 2021	1,277,991

Refer to Notes 14 and 15.

17. NON-CONTROLLING INTEREST

As at April 30, 2021, when the Company acquired Maximos, Maximos' controlling interest in Spark was 53.09%. Non-controlling interest ("NCI") represents the 46.91% equity share in Spark not controlled by the Company for the period April 30, 2021 to June 30, 2021.

On the initial recognition date, NCI was measured as the proportionate share of Spark equity not controlled by Maximos. In ensuing periods, adjustments were made to the carrying amount representing the NCI's proportionate share of changes to Spark's equity.

Upon completion of Spark's RTO with Mongoose, in which the Company's interest in Spark will be exchanged for an interest in Mongoose, the Company expects its interest in Mongoose to be diluted below a controlling interest. Refer to Note 5.

18. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

During the three months ended June 30, 2021, the Company paid or accrued $29,333 to related parties, including a $15,000 management fee (June 30, 2021 - $15,000) to Energold Minerals Limited ("Energold"), a company controlled by John F. Kearney, a director; an $8,333 management fee (June 30, 2020 - $Nil) to 2348035 Ontario Corp., a company controlled by W. Matthew Allas, an officer; and $6,000 in rent (June 30, 2020 - $3,000) to Buchans Resources Limited ("Buchans"), a company in which directors John F. Kearney and Danesh Varma serve as directors and officers.

During the six months ended June 30, 2021, the Company paid or accrued $50,333 to related parties, including a $30,000 management fee (June 30, 2021 - $30,000) to Energold; an $8,333 management fee (June 30, 2020 - $Nil) to 2348035 Ontario Corp.; and $12,000 in rent (June 30, 2020 - $6,000) to Buchans.

During the year ended December 31, 2020, the Company received an advance in the amount of $100,000 from John F. Kearney, a director, to fund working capital expenses. The advance was settled in full in April 2021 as part of the Financing. Refer to Note 12.

Included in accounts payable and accrued liabilities at June 30, 2021 are $140,816 payable to Buchans (December 31, 2020 - $140,203) for administrative services; $4,167 payable to 2348035 Ontario Corp. (December 31, 2020 - $Nil) for management services; $Nil payable to Energold (December 31, 2020 - $60,711) for administrative and management services; and $179,745 payable to Genesis Industries Corporation Ltd., a company controlled by Peter Steele, a significant shareholder of the Company, primarily for nanospectra geophysical services provided to Maximos in 2019. These amounts are unsecured, non-interest bearing and due on demand.

19. 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.

During the six months ended June 30, 2021, Canadian Manganese issued flow-through shares for aggregate subscription proceeds of $2,000,000 with a commitment to incur the proceeds on qualifying Canadian exploration expenditures prior to December 31, 2022. At June 30, 2021, $2,000,000 of the commitment had not yet been incurred. Canadian Manganese 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.

During the year ended December 31, 2020, Spark issued flow-through shares for aggregate subscription proceeds of $500,000 with a commitment to incur the proceeds on qualifying Canadian exploration expenditures prior to December 31, 2021, which deadline has been extended to December 31, 2022 as a Covid-19 related relief measure. At June 30, 2021, $500,000 of the commitment had not yet been incurred. Spark provided subscribers with indemnification for any tax liability that may arise if Spark is found to have not incurred the qualifying Canadian Exploration Expenditures as required in accordance with the flow-through subscription agreements.

19. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Covid-19 pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the various novel strains of coronavirus. These emergency measures, which include the implementation of travel bans and mandated quarantine periods, have caused material disruption to businesses globally resulting in an economic slowdown. The Company cannot accurately predict the impact the Covid-19 pandemic will have on its operations and the ability of others to meet their obligations with the Company.

20. 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, accounts payable and accrued liabilities and advance from director on the statements of financial position approximate fair value because of the limited term of these instruments.

Interest rate risk
At June 30, 2021, all of the Company's cash is deposited in bank accounts with a major Canadian bank. The Company has no interest-bearing debt other than the CEBA loan, which has a non-interest-bearing initial term ending December 31, 2022 and, thereafter, bears interest at 5% per year for an extended term ending December 31, 2025. Refer to Note 11.

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 and nickel.

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). During the periods presented, the Company did not have any material financial instruments measured at fair value that require classification within the fair value hierarchy.

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 other than the CEBA loan, which has a non-interest-bearing initial term ending December 31, 2022 and, thereafter, a 5% per year extended term ending December 31, 2025. Refer to Note 11.

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.

21. 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.

22. CAPITAL MANAGEMENT (CONTINUED)

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 six months ended June 30, 2021. The Company is not subject to externally imposed capital requirements.