



## **CANADIAN MANGANESE COMPANY INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the three and six months ended June 30, 2023**

Dated: August 9, 2023

(Form 51-102F1)

**CANADIAN MANGANESE COMPANY INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

*Dated: August 9, 2023*

**GENERAL**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements and notes thereto of Canadian Manganese Company Inc. (collectively, with its subsidiaries, "Canadian Manganese" or the "Company") for the three and six months ended June 30, 2023, which are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

At June 30, 2023, and the date of this MD&A, the Company's subsidiaries include Technology Metals Inc. (formerly Maximos Metals Corp.) (owned 100% by Canadian Manganese), Mongoose Mining Ltd. ("Mongoose") (owned 40.5% by Technology Metals Inc.) and Spark Minerals Inc. (owned 100% by Mongoose). Notwithstanding the Company holds less than a majority interest in Mongoose, the Company has determined it controls Mongoose, due to its dominant equity interest and Board representation relative to any other shareholder or group of shareholders.

The Company's shares trade in Canadian dollars on the NEO Exchange under symbol CDMN. Additionally, the Company's shares trade in U.S. dollars on the OTC Market under symbol CDMNF.

All currency amounts in this MD&A are expressed in Canadian dollars, unless otherwise indicated. This MD&A contains forward-looking statements.

**COMPANY OVERVIEW**

Canadian Manganese is focused on the environmentally responsible development of its wholly-owned manganese project in New Brunswick, Canada (the "Woodstock Project"), consisting of the adjacent Plymouth, North Hartford and South Hartford deposits, with a goal of becoming the global leader in sustainable long-term production of high purity manganese products, especially for the increasingly important North American energy storage manufacturing market. As a supplier of high-purity manganese sulphate monohydrate ("HPMSM"), a critical component of rechargeable lithium-ion batteries used in electric vehicles, the Company's assets have the ability to support the forecast demand required to facilitate the proposed battery manufacturing in this market.

Manganese is most commonly used in alloys, such as steel, to increase strength, improve workability and resistance to wear. It is also a critical component in most lithium-ion batteries. Global decarbonization initiatives, specifically the shift away from fossil fuels towards zero-emissions electricity has significantly increased the demand for batteries. Principal sources of global manganese supply are found in Africa, China and Australia and are primarily used in the production of ferroalloys. The global production and supply of battery grade manganese is dominated by China (representing over 90%), where an overwhelming majority of the processing and refining methods are energy (carbon) intensive. The fundamental properties of the ores found in the Woodstock Project can provide significant improvements to the carbon footprint of manganese processed for the battery sector. Initiatives to create a sustainable battery production industry in North America are well underway, the success of which depend on the long-term and stable supply of key critical minerals.

The Woodstock Project is strategically located adjacent to the U.S. border in New Brunswick with established key infrastructure and multiple distribution access points to the expanding Canadian and U.S. energy storage manufacturing markets. The recent re-evaluation of the Plymouth Manganese-Iron deposit ("Plymouth") has outlined an unparalleled (size, grade and continuity) carbonate-hosted (rhodochrosite) manganese resource (56.7 million tonnes Measured and Indicated at 10.07% Mn and 17.7 million tonnes Inferred at 10.02% Mn). This upgraded mineral resource, issued in March of 2023, supports the Company's view that Plymouth is a generational asset with the ability to sustainably supply the North American market for decades.

Furthermore, the Woodstock Project additionally hosts the historically (non 43-101 compliant) identified North and South Hartford deposits (previously mapped and estimated to contain ~90 million tonnes (historical) at 8% Mn) which provide the Company with an industry leading growth profile. The Woodstock Project is believed to be the largest manganese carbonate resource in Canada, and a globally significant district.

**CANADIAN MANGANESE COMPANY INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

The Company is positioned to become a major global producer of HPMSM, focused on addressing the jurisdictional supply imbalance and current environmentally harmful and energy inefficient production landscape of HPMSM in China by providing a new generation of HPMSM consumers with an alternative carbon conscious North America-based supply. The widespread adoption and rapid production growth of electric vehicles has demonstrated support for decarbonization, as well as the significant economic opportunities created by this industrial transition. Governments in North America have demonstrated a commitment to support this transition.

Manganese has been defined by the Canadian and U.S. governments as a strategic metal 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. Canada and the U.S. have both included manganese on their lists of critical minerals.

Substantially all of the Company's efforts are devoted to advancing the development of the Woodstock Project.

The Company had a working capital deficit of \$2,872,509 at June 30, 2023. The Company is pursuing various financing alternatives to fund its working capital deficit and its continuing operations. There are no assurances that the Company will be successful in completing such a planned financing. If the Company is unable to obtain adequate additional financing or liquidity in the immediate term, the Company will be required to curtail its operations and activities.

**WOODSTOCK PROJECT SUMMARY**

The Woodstock Project is located within Carleton County, approximately five kilometres west of the town of Woodstock in west-central New Brunswick. The property is ideally situated with access to all necessary infrastructure and located near the junction of the Trans-Canada and U.S. Interstate I-95 highways, and approximately nine kilometres from the border with the State of Maine. Access to the property is available by New Brunswick Provincial Government maintained paved roads extending from the main Trans-Canada Highway network.

The Woodstock Project comprises mineral claims covering 58 km<sup>2</sup> and encompasses the Plymouth deposit. Manganese at the 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. The Woodstock Project is believed to be the largest manganese carbonate (rhodochrosite) resource in Canada (56.7 million tonnes Measured and Indicated at 10.07% Mn and 17.7 million tonnes Inferred at 10.02% Mn (March 2023 Mineral Resource Estimate)).

In addition, the Woodstock Project hosts several historical undeveloped deposits including the North Hartford and South Hartford deposits located less than two kilometres on strike to the north of the Plymouth Deposit. Historical uncategorized resource estimates for the Hartford deposits include \*45 million tonnes grading 8% Mn and 12% Fe in the North Hartford deposit and an additional \*45 million tonnes grading 8% Mn and 12% Fe in the South Hartford deposit (Strategic Manganese Corporation; Sidwell, 1957).

*\*Historical Estimates: Readers are cautioned that the estimates for the Hartford deposits are historic and based on data obtained and prepared by previous operators and neither the Company nor its predecessors have located original assay sheets or details of the estimation methodology, nor the key assumptions or parameters, underlying the estimates. A qualified person has not done sufficient work to verify or classify the historical estimates as current mineral resources. The Company is not treating the historical estimates as current mineral resources, and these estimates should not be relied upon.*

The Company maintains the Woodstock Project as mineral claims issued by the New Brunswick Department of Energy and Resource Development. The claims are held 100% by the Company as Claim Block 5472 comprised of 232 mineral claims maintained in good standing through payment of annual renewal fees and filing of assessment work credits derived from work undertaken by the Company and its predecessor companies. The Company currently retains surplus excess work credits sufficient to maintain the property for several years.

**CANADIAN MANGANESE COMPANY INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

The Company owns the surface rights for a limited portion of the property (52.6 ha, 0.526 km<sup>2</sup>), essentially covering the north half of the Plymouth deposit. That portion of the property is subject to a 1% gross sales royalty retained by the vendors and the Company retains buyback rights for half of this royalty.

**2023 INITIATIVES**

Building on the success of the infill drilling program at Plymouth and initial drilling program at North Hartford in 2022, the Company has continued with an aggressive drilling program in 2023 with a goal of upgrading the Plymouth resource estimate to a feasibility level Reserve category and establishing a preliminary resource at North Hartford in the Measured and Indicated category. A drilling program at North Hartford was completed in the spring of 2023 as a first step in furtherance of this plan.

Building on the baseline environmental work performed in 2022, the Company, along with its consultants, are advancing the environmental impact assessment process in 2023.

The Company is continuing its analysis of processing facility methodology, location and partnership in 2023, with an emphasis on product mix, process methodology and specific jurisdictional economic considerations. Additionally, the Company is analyzing logistics, transportation costs, permitting considerations and various government programs to subsidize capital and operating costs.

Stakeholder engagement continues to be a focus in 2023, both at the provincial level and at the local Woodstock community level. The Company's proactive and continuous stakeholder communication strives to provide an awareness of potential impacts and underpins the Company's approach to all initiatives and activities.

**UPDATED MINERAL RESOURCE ESTIMATE – PLYMOUTH**

During 2022, the Company advanced the Woodstock Project by completing a major deposit delineation diamond drilling program that began in late 2021 and culminated in the preparation and filing ([www.sedar.com](http://www.sedar.com)) of a Technical Report prepared in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects. This Technical Report presents an updated Mineral Resource Estimate (the "2023 MRE") with an effective date of March 1, 2023 for the Plymouth deposit. The 2023 MRE updates and replaces the previous resource estimate issued in a prior NI 43-101 Technical Report for the Plymouth deposit of the Woodstock Project with an effective date of November 10, 2021.

The Technical Report is entitled "*NI 43-101 Technical Report, Woodstock Project Mineral Resource Estimate, (Plymouth Manganese-Iron Deposit), Woodstock Area, New Brunswick, Canada*" (the "Report") and was prepared by Matthew Harrington, P. Geo., Michael Cullen, P. Geo., and Kevin-Dane MacRae, P. Geo. (all of whom are with Mercator Geological Services Limited); and Lawrence Elgert, P. Eng. (of AGP Mining Consultants Inc.) with an effective date of March 1, 2023.

The 2023 MRE includes results of the Company's 2022 deposit delineation drilling program (which began in late 2021). This drilling program was specifically designed to infill on previous drilling to maximize conversion of 2021 Inferred Mineral Resources to Measured and Indicated categories in the 2023 MRE. It also included resource expansion drill holes that targeted down-dip extensions of the deposit, where greatest modelled thicknesses of mineralization grading above 5% Mn occur.

Results from the 2022 drilling program confirm the robust nature of the current MRE deposit model and support the high conversion percentage of 2021 Inferred Mineral Resources to Indicated and Measured categories in 2023. Associated resource expansion holes also confirmed the down-dip extension of the main mineralized zone's central area and account for most of the overall increase in total deposit tonnage seen in the 2023 MRE. Much of this new tonnage is classified in the Inferred category.

The 2023 MRE parameters include a 4.75% Mn cut-off grade, 45° pit slopes in bedrock and 20° in overburden, US\$1,760/t HP MSM pricing, and US\$5.5/t mining cost, US\$197.5/t processing and G&A cost, plus a 2.5% gross metal royalty.

**CANADIAN MANGANESE COMPANY INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

The updated 2023 MRE is presented in the table below.

**Plymouth Manganese-Iron Deposit Mineral Resource Estimate – Effective Date March 1, 2023**

Type	Mn % Cut-off	Category	Rounded Tonnes	Mn %	Fe %
Pit Constrained	4.75	Measured	28,800,000	10.38	14.45
		Indicated	27,900,000	9.74	13.55
		<b>Measure and Indicated</b>	<b>56,700,000</b>	<b>10.07</b>	<b>14.01</b>
		<b>Inferred</b>	<b>17,700,000</b>	<b>10.02</b>	<b>13.62</b>

Notes:

- 1) Mineral Resources were prepared in accordance with the CIM Standards (2014) and CIM MRMR Best Practice Guidelines (2019).
- 2) Mineral Resources are defined within an optimized conceptual pit shell with average pit slope angles of 45° in bedrock and 20° in overburden; a 3.78 :1 waste to mineralized material ratio applies
- 3) Pit optimization parameters include: pricing of US\$1,760 (CA\$2,288)/t Mn in High-Purity Manganese Sulphate Monohydrate (HPMSM) containing 32% Mn, a currency exchange rate of CA\$1.30 to US\$1.00, mining at US\$5.50 (CA\$7.15)/t, a 2.5% gross metal royalty, combined processing and G&A cost (1,500 t/d process rate) at US\$199.17 (CA\$258.92)/t processed, and overall Mn recovery to HPMSM of 77%. Fe content did not contribute to the pit optimization process.
- 4) Mineral Resources are reported at a cut-off grade of 4.75% Mn within the optimized pit shell. This cut-off grade reflects the marginal cut-off grade used in pit optimization to define Reasonable Prospects for Eventual Economic Extraction using open pit mining methods.
- 5) Mineral Resources were estimated using GEOVIA Surpac® 2021 (Surpac) software and Ordinary Kriging methods applied to 3 m downhole assay composites. No grade capping was applied. Model block size is 10 m x 10 m x 10 m with partial percent volume estimation applied.
- 6) Bulk density was estimated using Ordinary Kriging methods applied to drill core specific gravity data; it is assumed that specific gravity approximates bulk density for the materials modelled. The average deposit bulk density for Mineral Resources is 3.13 g/cm<sup>3</sup>.
- 7) Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues
- 8) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- 9) Mineral Resource tonnages are rounded to the nearest 10,000.

Sensitivity of the 2023 MRE to cut-off grade is tabulated below. Results show that deposit tonnages and grades do not vary dramatically within the cut-off range assessed. This is interpreted to be a reflection of both grade uniformity within the deposit and sharp grade boundaries at deposit limits.

Iron (Fe) content reflected in the MRE shows comparable content and distribution characteristics to Mn and is reported due to potential for future by-product value additional to Mn production. It does not contribute to the current MRE pit optimization.

**CANADIAN MANGANESE COMPANY INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

**Plymouth Deposit Cut-off Grade Sensitivity Analysis for 2023 Mineral Resources**

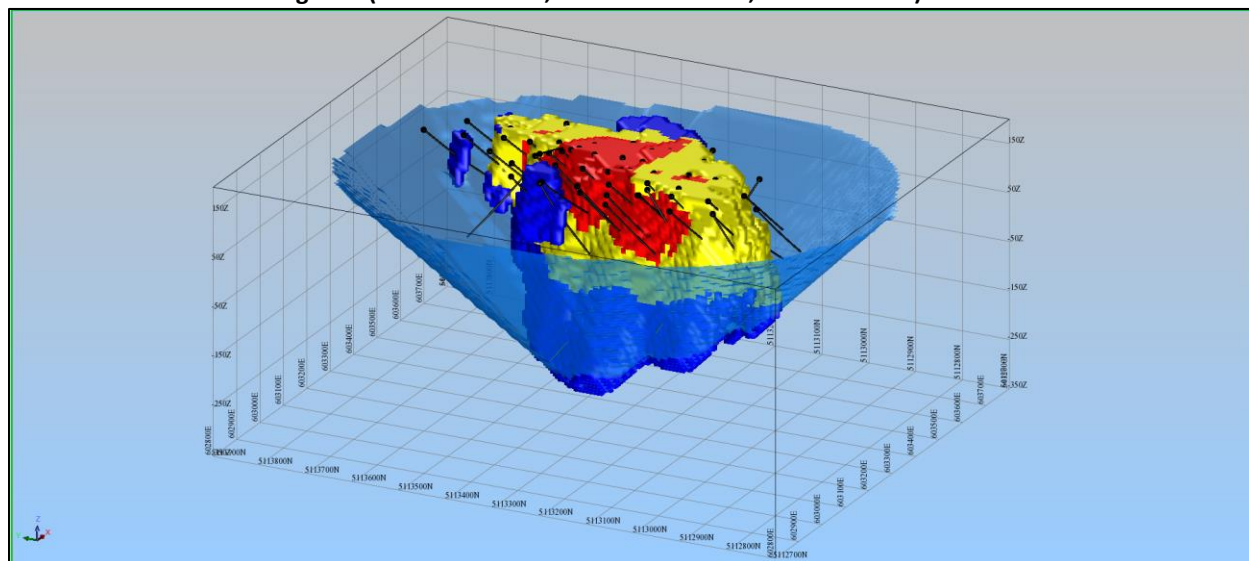
Type	Mn % Cut-off	Category	Rounded Tonnes	Mn %	Fe %
<b>*Pit Constrained</b>	<b>4.75</b>	Measured	28,800,000	10.38	14.45
		Indicated	27,900,000	9.74	13.55
		Measured and Indicated	56,700,000	10.07	14.01
		Inferred	17,700,000	10.02	13.62
Pit Constrained	6.00	Measured	28,300,000	10.48	14.56
		Indicated	26,600,000	9.95	13.74
		Measured and Indicated	54,900,000	10.22	14.16
		Inferred	17,300,000	10.13	13.72
Pit Constrained	7.25	Measured	27,000,000	10.66	14.78
		Indicated	24,200,000	10.28	14.07
		Measured and Indicated	51,200,000	10.48	14.44
		Inferred	14,600,000	10.78	14.41
Pit Constrained	8.50	Measured	24,300,000	10.96	15.15
		Indicated	20,500,000	10.70	14.47
		Measured and Indicated	44,800,000	10.84	14.84
		Inferred	13,400,000	11.04	14.69

\*Notes:

This table shows sensitivity of the March 1, 2023 MRE to cut-off grade. The base cut-off value of 4.75% Mn is bolded for reference and defines the 2023 MRE reporting cut-off grade.

Figure 1 below presents an isometric view looking northeast of the deposit block model showing color-coded resource categories within the MRE pit shell.

**Figure 1: Isometric view to northeast showing 2023 MRE block model with constraining pit shell, drill hole traces, and color-coded MRE categories (Red=Measured, Yellow=Indicated, Blue=Inferred)**



**CANADIAN MANGANESE COMPANY INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

**QUALIFIED PERSONS**

Paul Moore, P.Geo., is the Company's designated non-Independent Qualified Person and has reviewed and approved the technical and scientific contents relating to the Woodstock Project in this MD&A. Matthew Harrington, P.Geo. (NB), of Mercator Geological Services Limited is the independent Qualified Person within the context of NI 43-101 who is responsible for preparation of the 2023 MRE disclosed in this MD&A.

**EXPLORATION AND EVALUATION ASSETS**

	Woodstock manganese property \$	Maximos nickel property \$	Mongoose Cobequid IOCG property \$	Total \$
Balance, December 31, 2021	5,236,940	1	6,153,912	11,390,853
Additions:				
Property acquisitions	-	-	40,000	40,000
Drilling	933,715	-	130,190	1,063,905
Geological	398,950	-	220,486	619,436
Technical consulting	65,755	-	750	66,505
Community consultation	60,000	-	-	60,000
Economic studies	65,206	-	-	65,206
Claims registration	180	-	5,210	5,390
Project management	6,189	-	6,687	12,876
Government grants	-	-	(5,000)	(5,000)
	1,529,995	-	398,323	1,928,318
Balance, June 30, 2022	6,766,935	1	6,552,235	13,319,171
Drilling	218,208	-	305,683	523,891
Geological	162,360	-	91,671	254,032
Technical consulting	152,599	-	24,661	177,260
Community consultation	65,000	-	-	65,000
Economic studies	84,716	-	-	84,716
Supplies	6,960	-	4,167	11,127
Claims registration	-	-	27,762	27,762
Project management	-	-	(28,000)	(28,000)
	689,844	-	425,944	1,115,788
Balance, December 31, 2022	7,456,778	1	6,978,179	14,434,958
Additions:				
Drilling	1,519,183	-	-	1,519,183
Geological	609,401	-	12,500	621,901
Technical consulting	92,793	-	-	92,793
Community consultations	75,000	-	25,000	100,000
Claims registration	-	-	5,520	5,520
Project management	-	-	13,244	13,244
Government grants	-	-	(24,000)	(24,000)
	2,296,377	-	32,264	2,328,641
Balance, June 30, 2023	9,753,155	1	7,010,443	16,763,599

The Company holds a 100% interest in the Woodstock Property 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. Substantially all of the Company's efforts are devoted to advancing the development of the Woodstock Property.

**CANADIAN MANGANESE COMPANY INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

In connection with the acquisition of Maximos in April 2021 (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 were recorded at a nominal value as the Company had 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 (subsequently held by Mongoose, following the Mongoose RTO), consisting of mineral exploration licences in Nova Scotia with potential for iron oxide-copper-gold ("IOCG") mineralization.

## **RESULTS OF OPERATIONS**

The condensed interim consolidated financial statements of the Company for the three and six months ended June 30, 2023 consolidate the accounts of Technology Metals Inc. (formerly Maximos) and Mongoose (including Spark).

The Company recorded no revenue in the three and six months ended June 30, 2023. Rather, the Company's focus was on the advancement of its mineral exploration and evaluation assets, in particular the Woodstock Project.

For the three months ended June 30, 2023, the Company recorded a loss of (\$454,592). The loss included non-cash share-based compensation of (\$24,241) and costs related to corporate development and investor relations of (\$162,556). For the three months ended June 30, 2022, the Company recorded a loss of (\$615,316), which included share-based compensation of (\$187,705), costs related to corporate development and investor relations of (\$255,653), and a flow-through share premium reversal of \$177,155.

For the six months ended June 30, 2023, the Company recorded a loss of (\$947,397). The loss included share-based compensation of (\$49,470) and costs related to corporate development and investor relations of (\$342,155). For the six months ended June 30, 2022, the Company recorded a loss of (\$909,843), which included share-based compensation of (\$306,141), costs related to corporate development and investor relations of (\$338,908), and a flow-through share premium reversal of \$424,674.

The Company invested \$2,328,641 in exploration and evaluation activities during the six month period, including completing a drilling program on the North Hartford deposit of the Woodstock Project.

## **SUMMARY OF QUARTERLY RESULTS**

Expressed in \$'000's, Except for per share amounts	June 30 2023 \$	March 31 2023 \$	Dec. 31 2022 \$	Sept 30 2022 \$	June 30 2022 \$	March 31 2022 \$	Dec. 31 2021 \$	Sept 30 2021 \$
Net (loss) income	(455)	(493)	(575)	(356)	(615)	(295)	(1,056)	(444)
Net (loss) income per share								
- basic and diluted	(0.003)	(0.003)	(0.003)	(0.002)	(0.004)	(0.002)	(0.010)	(0.003)
Total assets	17,357	16,392	15,831	15,924	16,429	17,125	17,595	17,141
Working capital/ (Deficiency)	(2,873)	(1,241)	385	1,412	2,292	3,645	4,824	10,440

The loss of (\$1,056,217) in the quarter ended December 31, 2021 included share-based compensation of (\$132,994), a Mongoose RTO listing cost of (\$811,149), and \$102,916 of other income from the reversal of flow-through share premium.

**CANADIAN MANGANESE COMPANY INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

**LIQUIDITY AND CAPITAL RESOURCES**

Current assets at June 30, 2023 were \$412,316, compared to \$1,217,334 at December 31, 2022. Current liabilities at June 30, 2023 were \$3,284,825, compared to \$832,714 at December 31, 2022. The Company had a working capital deficit of \$2,872,509 at June 30, 2023.

The Company is pursuing various financing alternatives to fund its working capital deficit and its continuing operations. There are no assurances that the Company will be successful in completing such a planned financing.

If the Company is unable to obtain adequate additional financing or liquidity in the immediate term, the Company will be required to curtail its operations and activities. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which may differ from the going concern basis.

**RELATED PARTY TRANSACTIONS**

During the six months ended June 30, 2023, the Company paid or accrued \$160,000 to related parties, including a \$30,000 management fee (June 30, 2022 - \$30,000) to Energold Minerals Limited ("Energold"), a company controlled by John F. Kearney, a director; a \$25,000 management fee (June 30, 2022 - \$25,000) to 2348035 Ontario Corp., a company controlled by W. Matthew Allas, an officer; a \$75,000 management fee to PDM Strategies Inc., a company controlled by David Alward, an officer of the Company; and \$30,000 in office rent (June 30, 2022 - \$27,000) to Buchans Resources Limited ("Buchans"), a company in which director John F. Kearney serves as a director and officer.

Included in accounts payable and accrued liabilities at June 30, 2023 is \$23,542 (December 31, 2022 - \$18,833) payable to 2348035 Ontario Corp., \$16,950 payable to Energold (December 31, 2022 - \$5,650), \$43,125 payable to PDM Strategies Inc. and \$11,300 payable to Buchans. These amounts are unsecured, non-interest bearing and due on demand.

**CRITICAL ACCOUNTING ESTIMATES**

The Company'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. The Company regularly reviews its estimates and assumptions, however actual results could differ from these estimates and these differences could be material.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The realization of mineral exploration assets is dependent on the development of economic ore reserves and is subject to a number of significant potential risks, as summarized below and under the heading "RISK FACTORS" in the Company's annual information form for the year ended December 31, 2022.

***Failure to Obtain Additional Funding***

There can be no assurance that the Company will be successful in obtaining any additional required funding necessary to conduct additional exploration or evaluation, if warranted, on the Company's 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 the Company to forfeit its interest in such properties. If additional financing is raised through the issuance of equity or convertible debt securities of the Company, the interests of shareholders in the net assets of the Company may be diluted.

**CANADIAN MANGANESE COMPANY INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

***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 the Company may be affected by numerous factors that are beyond the control of the Company 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 the Company not receiving an adequate return of investment capital. Many of the properties in which the Company 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 were 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 the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's 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 the Company's 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 the Company to raise additional financing, if necessary, or alternatively upon the Company's 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***

The Company 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 the Company will have available to it the necessary expertise when and if the Company 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 the Company. 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 the Company's operations cannot be predicted.

**CANADIAN MANGANESE COMPANY INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

***Factors beyond the Company's 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 the Company. 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***

The Company's 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***

The Company's 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 the Company's financial risk management policies are set out in Note 22 of the consolidated financial statements for the year ended December 31, 2022.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

**FINANCIAL INSTRUMENTS**

The Company has no interest-bearing debt. The Company's current policy is to hold its excess cash in deposits with a Schedule A Canadian bank. The Company is satisfied with the credit ratings of its bank.

The Company has designated its cash as held-for-trading, which is 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 June 30, 2023, the carrying and fair value amounts of the Company's financial instruments were the same.

**OUTSTANDING SHARE CAPITAL**

The Company has an authorized capital consisting of an unlimited number of common shares. At June 30, 2023, and the date of this MD&A, a total of 145,029,580 common shares of the Company were issued and outstanding.

**CANADIAN MANGANESE COMPANY INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

At June 30, 2023, and the date of this MD&A, there were 4,778,336 share purchase warrants outstanding. Of these, 4,445,003 warrants are exercisable at \$0.18 per share until March 17, 2024 and 333,333 warrants are exercisable at \$0.27 per share until April 29, 2024.

At June 30, 2023, and the date of this MD&A, there were 8,228,440 stock options outstanding pursuant to the Company's Stock Option Plan. Of these, 5,278,440 options are exercisable at \$0.18 per share until June 30, 2025 and 2,950,000 options are exercisable at \$0.25 per share until June 30, 2026.

At June 30, 2023, and the date of this MD&A, there were 3,364,358 restricted share units outstanding pursuant to the Company's RSU Plan, 1,625,000 of which expire on December 31, 2024, 1,215,878 of which expire on December 31, 2025 and 523,480 of which expire on December 31, 2026.

**DISCLOSURE CONTROLS AND PROCEDURES**

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As at June 30, 2023, the Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of its disclosure controls and procedures, as defined under the Canadian securities regulatory authorities, and have concluded that the Company's disclosure controls and procedures are effective.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. These controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All control systems contain inherent limitations, no matter how well designed. As a result, the Company's management acknowledges that its internal control over financial reporting will not prevent or detect all misstatements due to error or fraud. In addition, management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected. Management assessed the effectiveness of internal control over financial reporting, using the Internal Control-Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and based on that assessment concluded that internal control over financial reporting was effective as at June 30, 2023.

***Changes in internal control over financial reporting***

There have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the three months ended June 30, 2023.

**CANADIAN MANGANESE COMPANY INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023**

**ADDITIONAL INFORMATION**

Additional information regarding the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), including the consolidated financial statements and annual information form for the year ended December 31, 2022 and the condensed interim consolidated financial statements for the three and six months ended June 30, 2023.

**FORWARD-LOOKING STATEMENTS**

*This management's discussion and analysis 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.*